HEALTH SERVICES AND DEVELOPMENT AGENCY JULY 23, 2014 APPLICATION SUMMARY

NAME OF PROJECT:

Starr Medical Center – Etowah (f/k/a Woods

Memorial Hospital)

PROJECT NUMBER:

CN1404-009

ADDRESS:

886 Highway 411 North

Etowah (McMinn County), TN 37331

LEGAL OWNER:

Athens Regional Medical Center, LLC

1114 West Madison Avenue

Athens (McMinn County), TN 37303

OPERATING ENTITY:

Horizon Mental Health Management, LLC

1965 Lakepointe Drive, Suite 100

Lewisville, TX 75057

CONTACT PERSON:

John Wellborn

(615) 665-2022

DATE FILED:

April 14, 2014

PROJECT COST:

\$1,282,050.00

FINANCING:

Cash Reserves

REASON FOR FILING:

Expansion of an existing inpatient geriatric

psychiatric unit from 10 to 14 beds through the redistribution of 4 existing Medical/Surgical beds. The hospital's total 72 bed complement will remain

unchanged

DESCRIPTION:

Starr Regional Medical Center – Etowah (SRMC - Etowah or hospital), is a 72 bed acute care hospital located in McMinn County. The applicant and Starr Regional Medical Center – Athens (118 beds), also located in McMinn County, operate under the 190 bed consolidated license held by its owner, Athens Regional Medical Center, LLC. The hospital is seeking approval to expand its existing 10

STARR REGIONAL MEDICAL CENTER (ETOWAH CAMPUS)

CN1404-009 July 23, 2014 PAGE 1 bed inpatient geriatric psychiatric unit from 10 to 14 beds. The expansion of the unit will be accomplished without increasing Etowah's 72 bed complement by redistributing 4 of its medical/surgical beds. The project will not impact the 118 licensed beds at the main hospital campus in Athens or the 190 total licensed beds for both sites.

SPECIFIC CRITERIA AND STANDARDS REVIEW:

PSYCHIATRIC INPATIENT SERVICES

A. Need

- 1. The population-based estimate of the total need for psychiatric inpatient services is 30 beds per 100,000 general population (using population estimates prepared by the Department of Health and applying the data in Joint Annual Reports).
- 2. For adult programs, the age group of 18 years and older should be used in calculating the estimated total number of beds needed.
- 3. For child inpatient under age 13, and if adolescent program the age group of 13-17 should be used.
- 4. These estimates for total need should be adjusted by the existent staffed beds operating in the area as counted by the Department of Health in the Joint Annual Report.

The applicant maintains that the 18-64 and the 65 and older age groups apply to the bed need formula for this project. When applying the bed need formula to the current (2014) and projected (2018) populations of these age groups in the applicant's 5-county primary service area (PSA), the result is displayed in the table below:

Adult Inpatient Psychiatric Bed Need in Etowah's PSA

Year	2014	2018
PSA Age 18-64 Population	140,178	143,566
PSA Age 65+ Population	40,961	45,833
PSA – Total Adult	181,139	189,399
(age 18and older)		
PSA Bed Need – all adult age cohorts	54.34	56.82
Existing Adult Beds in PSA	40	40
PSA Net Bed Need	14	16.82

STARR REGIONAL MEDICAL CENTER (ETOWAH CAMPUS)

CN1404-009 July 23, 2014 PAGE 2 The acute care bed formula projects bed need four years into the future. However, the inpatient psychiatric bed need formula does not select a timeframe for projecting future bed need. When looking at the scenarios in the table above, there is a bed need in calendar year (CY) 2014 and 4 years in the future.

It appears that the applicant meets this criterion.

B. Service Area

1. The geographic service area should be reasonable and based on an optimal balance between population density and service proximity or the Community Service Agency.

The 5-county primary service area of the existing 10 bed geriatric psychiatric unit (GPU) accounts for approximately 88% of its total admissions. The applicant's total Tennessee service area accounted for almost 98.4% of total admissions in CY2013.

It appears that the applicant meets this criterion.

2. The relationship of the socio-demographics of the service area, and the projected population to receive services, should be considered. The proposal's sensitivity to and responsiveness to the special needs of the service area should be considered including accessibility to consumers, particularly women, racial and ethnic minorities, low income groups, and those needing services involuntarily.

The 10-bed GPU focuses on short term treatment and stabilization for elderly patients age 65 and older. The applicant reported a Medicare and Tenncare payor mix of approximately 98% and 1%, respectively, during the most recent 12 month period. The unit's payor mix reflects a commitment to the elderly and lower income groups. The hospital does not discriminate based on gender, race, or ethnicity. In addition, the applicant plans to accept involuntary admissions that may account for approximately 12% of the geriatric psych unit's total admissions from 2015 to 2017 (April 28, 2014 supplemental response).

It appears that the applicant meets this criterion.

- C. Relationship to Existing Applicable Plans
 - The proposal's relationship to policy as formulated in state, city, county, and/or regional plans and other documents should be a significant consideration.

This application appears to be consistent with each of the five key principles of the State Health Plan as described on pages 25 and 26 of the application.

It appears that the applicant meets this criterion.

2. The proposal's relationship to underserved geographic areas and underserved population groups as identified in state, city, county and/or regional plans and other documents should be a significant consideration.

The applicant's primary service area consists of five counties. Of these, three are whole county medically underserved areas (MUA) and two counties with census tracts that are designated as MUAs as determined by the Health Resources and Services Administration, U.S. Department of Health and Human Services. The applicant's 98% Medicare payor mix reflects a commitment to elderly residents of the PSA. The applicant expects that payor group to remain relatively unchanged after completion of the proposed project.

It appears that the applicant meets this criterion.

3. The impact of the proposal on similar services supported by state appropriations should be assessed and considered.

The hospital believes that the proposed increase of 4 geriatric psychiatric beds for its existing 10 bed unit is needed in the PSA and will not have any significant impact on the closest state supported facility, Moccasin Bend Mental Health Institute (MBHI). This 150 licensed bed state supported facility is located in Hamilton County (the county is not included in the applicant's service area), a distance of approximately 64 miles from SRMC's Etowah campus. The applicant believes the project will not significantly impact Moccasin Bend for the reasons discussed on pages 11 and 12 of the April 24, 2014 supplemental response such as MBHI's low volume of Medicare patients (4% of total admissions) and low use by residents of SRMC-Etowah's primary service area (10% of total patient days). Source: 2013 Joint Annual Report.

It appears that the applicant meets this criterion.

4. The proposal's relationship to whether or not the facility takes voluntary and/or involuntary admissions, and whether the facility serves acute and/or long-term patients, should be assessed and considered.

The applicant states that the geriatric inpatient psychiatric unit plans to accept involuntary admissions for the first time in the unit's history of operations. Projected involuntary admissions were identified in the April 28, 2014 supplemental response. Please note the table below:

Projected	2015 (Phase 1)	2016 (Year 1)	2017 (Year 2)
Admissions			
Involuntary	9	12	16
Admissions			
Total Admissions	290	305	320

It appears that the applicant meets this criterion.

5. The degree of projected financial participation in the Medicare and TennCare programs should be considered.

The applicant projects similar participation as in past periods. The Medicare and Tenncare payor mix is projected at approximately 98% and 1%, respectively, in the first year of the project.

It appears that the applicant meets this criterion.

- D. Relationship to Existing Similar Services in the Area
 - 1. The area's trends in occupancy and utilization of similar services should be considered.

The applicant provided utilization data for Skyridge Medical Center Westside (Westside) which is located in Cleveland (Bradley County), Tennessee, approximately 32 miles from the SRMC-Etowah campus. Focusing on treatment and stabilization services for younger adults, ages 18-64, Westside's 30 bed adult psychiatric unit operated at 35% occupancy in 2010, 35% in 2011 and 42% in 2012. Patients in the 18-64 age group averaged approximately 97% of total admissions in 2012. In contrast the Age 65+ age group accounted for 93% of the applicant's psychiatric admissions in 2012 while the other 7% of admissions were

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July 23, 2014 PAGE 5 from the Age 55-64 age group. As noted, the applicant also assessed the trends of Moccasin Bend Mental Health Institute in Hamilton County even though that facility is not included in the applicant's service area (please see page 11 of 4/25/14 supplemental response).

It appears that the applicant meets this criterion.

2. Accessibility to specific special need groups should be an important factor.

The applicant states that it has and will continue to serve patients from all payor groups. The applicant also offers to accept forensic/involuntary admissions with the support of the local judicial system.

It appears that the applicant meets this criterion.

E. Feasibility

The ability of the applicant to meet Tennessee Department of Mental Health licensure requirements (related to personnel and staffing for psychiatric inpatient facilities) should be considered.

This adolescent psychiatric unit is within a general acute care hospital that is currently licensed in good standing by the Department of Health.

It appears that the applicant meets this criterion.

CONSTRUCTION, RENOVATION, EXPANSION, AND REPLACEMENT OF HEALTH CARE INSTITUTIONS

1. Any project that includes the addition of beds, services, or medical equipment will be reviewed under the standards for those specific activities.

The applicant is requesting the addition of 4 beds to its existing 10 bed geriatric psychiatric unit through the redistribution of 4 med/surg beds. The applicant addressed the criterion and standards for psychiatric inpatient services in the preceding section.

It appears that the applicant meets this criterion.

- 2. For renovation or expansions of an existing licensed health care institution:
 - a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.

The applicant documented the unit's need for 4 additional beds based on several key factors as follows: occupancy of 80% or higher approximately 218 days in CY 2013: expanded physician coverage from 3 to 5 workdays per week; a continued commitment to area elderly as evident by its high Medicare payor mix. As a result of these and other related factors, the applicant expects admissions to increase by approximately 10% through CY2015 leading to 320 total admissions and 3,520 total patient days in Year 1 of the project (CY2016).

It appears that the applicant meets this criterion.

b. The applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.

Improvements to the geriatric psychiatric unit at an estimated total construction cost of \$825,000 (\$133.50 per square feet) will be made through a combination of renovation (5201 square feet) and new construction (980 square feet). The construction cost is documented in the March 12, 2014 architect's letter included in the attachments of the application.

The applicant maintains that the expansion is warranted to preserve the unit's integrity as a contained and secure unit and to reduce displacement of other hospital services that are located in space surrounding the unit.

It appears that the applicant meets this criterion.

STAFF SUMMARY

Note to Agency members: This staff summary is a synopsis of the original application and supplemental responses submitted by the applicant. Any HSDA Staff comments will be presented as a "Note to Agency members" in bold italics.

Summary

Starr Regional Medical Center is a 190 bed acute care hospital with 2 sites located in McMinn County. The main campus in Athens contains 118 beds consisting of 93 surgical beds, 5 intensive care beds, 12 neonatal beds and 8 obstetrical beds. The Etowah campus, the subject of this project, contains 72 beds consisting of 54

surgical beds (none of which are staffed), 8 intensive care beds and 10 geriatric psychiatric beds.

The applicant is proposing to increase its geriatric psychiatric unit (GPU) from 10 to 14 total beds by renovating existing patient rooms, clinical treatment areas and staff support space and by constructing an extension to the unit that will house 2 new semi-private patient rooms. The project will be accomplished by reducing surgical beds on the Etowah campus from 54 to 50 beds. The 190 consolidated licensed bed complement for Starr Regional Medical Center will remain unchanged.

The current ten (10) bed geriatric psychiatric unit consists of 3,056 square feet and contains 5 semi-private rooms in a contained, secure patient wing located on the ground floor of the hospital on the Etowah campus. The proposed project will add 3,125 square feet to the unit for a total of 6,181 square feet. This will be accomplished in two phases. Phase 1 will focus on renovation of 5,201 SF at a cost of \$130.35/SF to provide clinical and staff support areas, the conversion of a staff break room to a patient room and the addition of a security fence to the exterior of the GPU's patient wing for a covered outdoor patient sitting area. This phase will provide a total of 12 beds in 6 semi-private rooms. Phase 2 involves new construction of a 980 SF building addition at a cost of \$150.05/SF to house 2 new semi-private patient rooms, the conversion of an older patient room to a patient quiet activity room, the addition of space for a group therapy room on the unit, and the addition of space for 2 visitor consult rooms on adjoining hallways adjacent to the GPU. At the end of Phase 2, the geriatric psychiatric unit will house 14 beds in 7 semi-private rooms containing approximately 105 square feet of clear space per bed. The applicant discusses these changes and its plans to comply with licensure standards in more detail on pages 4 and 5 of the 4/24/14 supplemental response.

Note to Agency members: the applicant advised that Phase 2 may be reconsidered in favor of a renovation alternative at a lower cost should medical surgical beds in adjacent areas to the GPU become available for reassignment to psychiatric use. This alternative may be considered in conjunction with future plans to consolidate or realign Starr Regional Medical Center's inpatient services (please see description on pages 8 and 11 of the application).

Additional clarification provided on page 6 of the 4/24/14 supplemental response revealed that only 60 of SRMC-Etowah's 72 beds can currently be used for admissions without construction. The applicant states that the change to the bed complement was identified following acquisition of SRMC in CY2013 and may have resulted from former physical plant alterations or conversions that

impacted approximately 12 med/surg beds. This development is also noted on page 3 of the Department of Health's project summary.

Ownership

- Starr Regional Medical Center Etowah, formerly known as Woods Memorial Hospital, is owned by Athens Regional Medical Center, LLC, which in turn, is owned by LifePoint Hospitals, Inc.
- It is a member of the LifePoint Eastern Group, an operational grouping of facilities consisting of 21 hospitals in multiple states, including 10 hospitals in Tennessee (please see organization chart and listing of LifePoint Hospitals in Attachment A.4. of the application and the table following page three of the 4/24/14 supplemental response).

Facility Information

- As noted, the applicant operates under the 190 bed consolidated license of Athens Regional Medical Center, LLC issued by the Tennessee Department of Health.
- The applicant is certified for participation in Medicare and Medicaid by the Center for Medicare and Medicaid Services and is accredited by The Joint Commission. (Copies of the license and accreditation certificate are included in the attachments to the original application).

Utilization statistics of the applicant's 10-bed geriatric psychiatric unit, the 72-bed Etowah campus facility, and Starr Regional Medical Center (consolidated) are presented in the chart below:

Historical Utilization, SRMC

Variable	Licensed	Staffed	Licensed	Licensed	Licensed	%
	beds	beds	**Occupancy	**Occupancy	**Occupancy	Change
			2011	2012	2013	′11-′13
SRMC-	190	70	24.8%	22.7%	21.2%	-14.5%
Consolidated						
SRMC-	72*	17	31.9%	26%	22.7%	-22.6%
Etowah						
GPU-Etowah	10	10	64.1%	61.6%	65.9%	+2.8%

*The applicant states that the hospital has an actual bed capacity of 60 beds (includes 42 med/surg beds). Reduced bed capacity appears to have resulted from previous physical plant changes by the former owner. Source: 4/24/14 supplemental response.

^{**}Occupancy is based on admissions & excludes observation days. Sources: Historical Data Charts, application & 4/24/14 supplemental response

The following provides the Department of Health's definition of the two bed categories pertaining to occupancy information provided in the Joint Annual Reports:

Licensed Beds- The maximum number of beds authorized by the appropriate state licensing (certifying) agency or regulated by a federal agency. This figure is broken down into adult and pediatric beds and licensed bassinets (neonatal intensive or intermediate care bassinets).

Staffed Beds-The total number of adult and pediatric beds set up, staffed and in use at the end of the reporting period. This number should be less than or equal to the number of licensed beds.

Project Need

The applicant provided the following rationale regarding need for the proposed project:

- Physician schedule change will increase coverage from 3 days per week to
 5 days per week schedule resulting in increased referrals and admissions
- A new source of admissions based on the applicant's plans to accept forensic/involuntary admissions.
- Continued focus on short term treatment and stabilization characterized by shorter patient average length of stays on admissions (ALOS). The applicant projects an ALOS of approximately 11 days from 2014 – 2017 compared to a statewide ALOS of approximately 12.3 days (please see discussion on page 35-a of application).
- Historical patient census rates ranging from approximately 64% in CY2011 to 79% in CY2014. The applicant maintains that the GPU's census was 80% or higher approximately 42% of the days in calendar year 2013 and 90% or higher approximately 18% of the time during the period.
- Continued growth of the elderly population, which is expected to comprise approximately 19% of the 5-county PSA's total population in CY 2018 compared to a statewide average of 16.1%.
- The only provider in the PSA that primarily specializes in short term, inpatient treatment and stabilization services for individuals age 65 and older.
- A projected bed need for 14 additional adult psychiatric beds in CY2014 increasing to 17 additional beds in CY2018 as noted in the table on the following page.
- Additional beds to offset occasional problems with admitting patients to a unit that contains all semi-private rooms.

Service Area Demographics

The applicant identifies 5 counties in southeast Tennessee as its primary service area (PSA): Bradley, McMinn, Meigs, Monroe and Polk. This service area accounted for approximately 88.4% of the geriatric psychiatric unit's total admissions in CY2013, with a low to high range of 5.4% (Meigs County) and 31.8% (McMinn County).

- The total population of the service area is estimated at 231,442 residents in Calendar Year (CY) 2014 increasing 3.3% to 239,003 in CY2018.
- The overall statewide population is projected to grow 3.7% from CY2014 to CY2018.
- The adult population (age 18 and over) of the PSA is expected to increase by approximately 4.6% from 181,139 adults in CY2014 to 189,399 adults in CY2018 compared to an estimated 4.4% increase statewide. The PSA's adult population accounts for approximately 78.3% of its total population compared to 77.2% statewide.
- SRMC-Etowah's secondary services area contains 8 Tennessee counties, none of which accounted for 3% or more of total admissions in CY2013.
- The Age 65+ population of the service area is estimated at 40,961 residents in CY2014 increasing 11.9% to 45,833 in CY2018.
- The Age 65+ statewide population is projected to grow 12.3% from CY2014 to CY2018.
- Approximately 19.1% of the PSA's residents were enrolled in TennCare compared with a statewide average of 18.2%. The proportion of TennCare enrollment to the primary service area's total population ranges from 17.5% in Bradley County to 21.6% in Monroe County.

Psychiatric Bed Need

- As noted, when applying the *Guidelines for Growth* inpatient psychiatric bed need formula of 30 beds per 100,000 to the adult (age 18 and older) population of the primary service area, there is a need for 14 adult beds in CY2014 increasing to 17 beds in CY2018.
- When considering only the age 65 and older population and Etowah's 10 bed geriatric psychiatric unit, the bed need appears to be 4 additional geriatric psychiatric beds in CY2018.

Adult and Geriatric Inpatient Psychiatric Bed Need

Year	2014	2018
PSA Age 18+ Population	181,139	189,399
PSA Adult Bed Need	54	57
Existing Adult Beds	40	40
PSA Net Adult Bed Need	+14	+17
TSA Age 65+ Population	40,961	45,833
PSA Geriatric Bed Need	12	14
Existing Geriatric Beds	10	10
PSA Net Geriatric Bed Need	+2	+4

Access to Psychiatric Inpatient Services

The applicant provides a table on page 17 of the original application that lists the mileage and drive time from the SRMC-Etowah campus to other major communities in or near the PSA.

- Drive times range from 13 minutes to Athens (McMinn County) to 35 minutes to Cleveland (Bradley County).
- The drive times to Knoxville and Chattanooga (cities not included in the applicant's PSA) are 58 minutes and 67 minutes, respectively.
- The distance between the closest state run facility located outside the applicant's PSA (Moccasin Bend Mental Health Institute in Chattanooga) is approximately 64 miles.

Historical Utilization

The applicant identified the utilization of all 6 hospitals located in the primary service area. The only two hospital psychiatric units in the PSA are the applicant's 10-bed geriatric psychiatric unit and the 30-bed adult unit at Skyridge Medical Center-Westside (Westside) in Cleveland (Bradley County), Tennessee. Located approximately 32 miles apart, it appears that a significant difference between the two units is the age range of their patient caseloads.

- Patients age 65 and younger admitted to Westside's 30-bed adult unit accounted for approximately 96.5% of total admissions in CY2012.
- In contrast, patients of this group accounted for only 6.7% of SRMC-Etowah's total admissions during the period. (The age group of the 6.7% was primarily 55-64.) The utilization trends of these providers is summarized from the application in the table below:

Provider Utilization Trends in Applicant's PSA

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Facility	Total Licensed Beds	2010	2011	2012	% Change '10-'12
All Hospitals (6 total)	625	31.9%	32%	30.3%	-4.5%
Psychiatric Inpatient Units (2)	40	41%	42.5%	46.8%	+14.4%

Applicant Psychiatric Unit Projected Utilization

The applicant's projected utilization for the inpatient psychiatric unit is presented in the table below:

Year	Beds	ADC	% Occupancy	ALOS
Year 1	14	9.2	65.5%	11 days
Year 2	14	9.6	68.9%	11 days

Project Cost

Major costs of the \$1,282,050 estimated project costs are:

 Estimated renovation and new construction cost- \$825,000 or 64.4% of total cost

For other details of the project cost, see the Project Cost Chart on page 37 of the original application.

The renovation cost per square foot of this project is \$130.35 and the new construction cost is \$150.05. When combined, the result is approximately \$133.50 which is below the 1st quartile total construction cost of \$151.66 for previously approved hospital projects from 2011 – 2013.

Financing

An April 1, 2014 letter from LifePoint's Eastern Group president attests to the ability to fund the \$1,282,050 project cost from cash reserves of the owner. According to the balance sheet in the application, SRMC (consolidated) reported cash and cash equivalents of \$429,795, current assets of \$12,413,499 and a current ratio (Current Assets/Current Liabilities) of 2.16 to 1.0. Current ratio is a measure of liquidity and is the ratio of current assets to current liabilities which measures the ability of an entity to cover its current liabilities with its existing current assets. A ratio of 1:1 would be required to have the minimum amount of assets needed to cover current liabilities.

Historical Data Chart

According to the applicant's supplemental response:

- Net operating income was \$537,134 or 16% of gross operating revenue in CY2011, \$543,345 in CY2012 and \$499,287 in CY2013.
- Review of the Historical Data Chart of the 190 bed consolidated hospital revealed a declining trend in net operating income from \$3,378,951 or 2% of gross operating revenues in CY2011 to \$679,822 on \$259,436,539 of gross operating revenues in CY2013.

Projected Data Chart

- Total gross revenue exhibits an 11.4% increase from \$6,893,771 Year 1 to \$7,689,380 in Year 2.
- Projected net operating income (NOI) is favorable at approximately 8.5% of total gross operating revenues in Year 1 and 8.5% of total revenues in Year 2.

Medicare/TennCare Payor Mix

- Medicare-Charges will equal \$6,799,326 in Year 1 representing 98.6% of gross revenue.
- TennCare/Medicaid-Charges will equal \$42,741 in Year 1 representing 0.6% of gross revenue

Staffing

The applicant intends to add 1.5 full time equivalent (FTE) registered nurse FTEs to the current staffing pattern of 19 FTEs reflected on page 53-R (revised) of the application.

The applicant has submitted the required corporate documents, site control documents, detailed demographic data, and utilization management/quality control procedures. Staff will have a copy of these documents available for member reference at the meeting. Copies are also available for review at the Health Services and Development Agency office.

Should the Agency vote to approve this project, the CON would expire in three years.

CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT:

There are no other Letters of Intent, denied applications, pending applications or Outstanding Certificates of Need for this applicant.

LifePoint Hospitals, Inc. has financial interests in this project and the following:

Outstanding Certificates of Need

Southern Tennessee Medical Center, CN1402-005, has an outstanding Certificate of Need that will expire on July 1, 2018. The CON was approved at the May 28, 2014 Agency meeting for the initiation of mobile positron emission tomography (PET) services one half day per week at the main hospital campus. The estimated project cost is \$834,135.00. Project Status: The project was recently approved. The estimated start date for the mobile PET service is August 1, 2014.

CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:

There are no other Letters of Intent, denied or pending applications, or outstanding Certificates of Need for hospital entities proposing inpatient psychiatric beds.

PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF HEALTH, DIVISION OF HEALTH STATISTICS, FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, AND CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.

PJG (7/8/14)

LETTER OF INTENT

LETTER OF INTENT -- HEALTH SERVICES & DEVELOPMENT AGENCY

The Publication of Intent is to be published in the Chattanooga Times Free Press, which is a newspaper of general circulation in McMinn County, Tennessee, on April 1, 2014, for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. Sections 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Starr Regional Medical Center-Etowah (a hospital), owned and managed by Athens Regional Medical Center, LLC (a limited liability company), intends to file an application for a Certificate of Need to add four (4) geropsychiatric beds to its existing ten-bed inpatient geropsychiatric unit, making it a fourteen (14) bed unit, at a capital cost estimated at \$1,283,000. location is the hospital's facility at 886 Highway 411 North, Etowah, TN 37331.

Athens Regional Medical Center, LLC holds a 190-bed consolidated hospital license, under which it operates 118 acute care hospital beds at Starr Regional Medical Center-Athens, and 72 acute care hospital beds at Starr Regional Medical Center--Etowah. These facilities are both in McMinn County. Upon opening the four additional geropsychiatric beds at Etowah, the applicant will close four of its general hospital beds at Etowah, so the project will not change the total number of hospital beds at Etowah, and will not change the consolidated 190-bed hospital license for both the Athens and Etowah The project does not contain major medical equipment or initiate or facilities. discontinue any health service; and it will not affect licensed hospital bed complements other than as described above.

The anticipated date of filing the application is on or before April 4, 2014. The contact person for the project is John Wellborn, who may be reached at Development Support Group, 4219 Hillsboro Road, Suite 210, Nashville, TN 37215; (615) 665-2022.

Allellon 3-19-14 jwdsg@comcast.net (E-mail Address)

April 1, 2014

Melanie M. Hill, Executive Director Tennessee Health Services and Development Agency Frost Building, Third Floor 161 Rosa Parks Boulevard Nashville, Tennessee 37203

RE:

CON Application Submittal By Starr Regional Medical Center Addition of 4 Psychiatric Beds Within Current Hospital License Etowah; McMinn County

Dear Mrs. Hill:

This letter transmits an original and two copies of the subject application. The affidavit and filing fee are enclosed.

I am the contact person for this project. Kim Looney of Waller, Landsden is legal counsel. Please advise me of any additional information you may need. We look forward to working with the Agency on this project.

Respectfully,

John Wellborn Consultant

STARR REGIONAL MEDICAL CENTER--ETOWAH

CERTIFICATE OF NEED APPLICATION TO ADD FOUR LICENSED HOSPITAL BEDS TO ITS GEROPSYCHIATRIC UNIT IN McMINN COUNTY

Filed April 2013

PART A

1. Name of Facility, Agency, or Institution

Starr Regional Medical CenterEtow	rah	
Name		
886 Highway 411 North		McMinn
Street or Route		County
Etowah	TN	37331
City	State	Zip Code

2. Contact Person Available for Responses to Questions

John Wellborn	Consultant		
Name	Title		
Development Support Group	jwdsg@comcast.net		
Company Name	E-Mail Address		
4219 Hillsboro Road, Suite 210	Nashville	TN	37215
Street or Route	City	State	Zip Code
CON Consultant	615-665-2022 615-665-204		615-665-2042
Association With Owner	Phone Number Fax Number		Fax Number

3. Owner of the Facility, Agency, or Institution

Athens Regional Medical Center, LLC		
Name		
1114 West Madison Avenue		McMinn
Street or Route		County
Athens	TN	37303
City	State	Zip Code

4. Type of Ownership or Control (Check One)

	F. Government (State of TN or	
A. Sole Proprietorship	Political Subdivision)	
B. Partnership	G. Joint Venture	
C. Limited Partnership	H. Limited Liability Company	
D. Corporation (For-Profit)	I. Other (Specify):	
E. Corporation (Not-for-Profit)		

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS

5. Name of Management/Operating Entity (If Applicable) (for management of the geropsychiatric service only)

Horizon Health	· ·	
Name		
1965 Lakepointe Drive, Suite 100		(Out of State)
Street or Route		County
Lewisville	TX	75057-6424
City	State	Zip Code

6. Legal Interest in the Site of the Institution (Check One)

A. Ownership	X	D. Option to Lease
B. Option to Purchase		E. Other (Specify):
C. Lease of Years		

7. Type of Institution (Check as appropriate—more than one may apply)

A. Hospital (Specify): General	Х	I. Nursing Home	
B. Ambulatory Surgical Treatment			
Center (ASTC) Multi-Specialty		J. Outpatient Diagnostic Center	
C. ASTC, Single Specialty		K. Recuperation Center	
D. Home Health Agency		L. Rehabilitation Center	
E. Hospice		M. Residential Hospice	
F. Mental Health Hospital		N. Non-Residential Methadone	
G. Mental Health Residential Facility		O. Birthing Center	
H. Mental Retardation Institutional		P. Other Outpatient Facility	
Habilitation Facility (ICF/MR)		(Specify):	
		Q. Other (Specify):	

8. Purpose of Review (Check as appropriate—more than one may apply

		G. Change in Bed Complement	
		Please underline the type of Change:	
		Increase, Decrease, Designation,	
A. New Institution		Distribution, Conversion, Relocation	X
B. Replacement/Existing Facility		H. Change of Location	
C. Modification/Existing Facility	Х	I. Other (Specify):	
D. Initiation of Health Care Service			
as defined in TCA Sec 68-11-1607(4)			
(Specify)			
E. Discontinuance of OB Service			
F. Acquisition of Equipment			

9. <u>Bed Complement Data</u> Starr RMC--Etowah Only AMENDED

(Please indicate current and proposed distribution and certification of facility beds.) CON approved July 1, Current beds 2014 **Beds** TOTAL Staffed Beds at Licensed (not in Proposed service) (Change) Completion **Beds Beds** A. Medical 54 0 -4 50 B. Surgical C. Long Term Care Hosp. D. Obstetrical E. ICU/CCU 7 8 8 F. Neonatal G. Pediatric H. Adult Psychiatric 1. Geriatric Psychiatric 10 +414 10 J. Child/Adolesc. Psych. K. Rehabilitation L. Nursing Facility (non-Medicaid certified) 64 64 64 M. Nursing Facility Lev. 1 24 (Medicaid only) 24 24 N. Nursing Facility Lev. 2 (Medicare only) O Nursing Facility Lev. 2 (dually certified for Medicare & Medicaid) P. ICF/MR O. Adult Chemical Dependency R. Child/Adolescent Chemical Dependency S. Swing Beds T. Mental Health Residential Treatment U. Residential Hospice **TOTAL Hospital** 72 0 17 NC 72 NF 88 88 NC

10. Medicare Provider Number: Hospital 440068; Geropsychiatric Unit 44S068 Certification Type: General Hospital; Psychiatric Unit

11. Medicaid Provider Number: : Hospital 440068; Geropsychiatric Unit 44S068 (same as #10) Certification Type: General Hospital; Psychiatric Unit

12. & 13. See page 4

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9. Bed Complement Data

Starr RMC--Athens Only

(Please indicate current and proposed distribution and certification of facility beds.) CON approved **TOTAL** Beds beds Current **Proposed** Beds at (not in Staffed Licensed Completion (Change) service) **Beds** Beds 93 93 45 A. Medical B. Surgical C. Long Term Care Hosp. 8 8 D. Obstetrical 8 5 5 5 E. ICU/CCU 5 12 12 F. Neonatal G. Pediatric H. Adult Psychiatric I. Geriatric Psychiatric J. Child/Adolesc. Psych. K. Rehabilitation L. Nursing Facility (non-Medicaid certified) M. Nursing Facility Lev. 1 (Medicaid only) N. Nursing Facility Lev. 2 (Medicare only) O Nursing Facility Lev. 2 (dually certified for Medicare & Medicaid) P. ICF/MR O. Adult Chemical Dependency R. Child/Adolescent Chemical Dependency S. Swing Beds T. Mental Health Residential Treatment U. Residential Hospice 63 NC 118 118 0 **TOTAL**

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9. <u>Bed Complement Data</u> Starr RMC--Etowah and Athens Combined (Please indicate current and proposed distribution and certification of facility beds.)

CON approved July 1, Current beds 2014 Beds TOTAL Licensed (not in Staffed Proposed Beds at **Beds** service) **Beds** (Change) Completion 147 143 A. Medical 45 -4 B. Surgical C. Long Term Care Hosp. D. Obstetrical 8 8 8 E. ICU/CCU 13 12 13 F. Neonatal 12 5 12 G. Pediatric H. Adult Psychiatric I. Geriatric Psychiatric 8 +412 J. Child/Adolesc. Psych. K. Rehabilitation L. Nursing Facility (non-Medicaid certified) M. Nursing Facility Lev. 1 (Medicaid only) 64 64 64 N. Nursing Facility Lev. 2 (Medicare only) 24 24 24 O Nursing Facility Lev. 2 (dually certified for Medicare & Medicaid) P. ICF/MR Q. Adult Chemical Dependency R. Child/Adolescent Chemical Dependency S. Swing Beds T. Mental Health Residential Treatment U. Residential Hospice **TOTAL Hospital** 190 0 **70** NC 190 NH 88 88 NC 88

A.12. IF THIS IS A NEW FACILITY, WILL CERTIFICATION BE SOUGHT FOR MEDICARE AND/OR MEDICAID?

This is an existing facility that is already certified for both Medicare and Medicaid,

A.13. IDENTIFY ALL TENNCARE MANAGED CARE ORGANIZATIONS / BEHAVIORAL HEALTH ORGANIZATIONS (MCO'S/BHO'S) OPERATING IN THE PROPOSED SERVICE AREA. WILL THIS PROJECT INVOLVE THE TREATMENT OF TENNCARE PARTICIPANTS? Yes IF THE RESPONSE TO THIS ITEM IS YES, PLEASE IDENTIFY ALL MCO'S WITH WHICH THE APPLICANT HAS CONTRACTED OR PLANS TO CONTRACT.

DISCUSS ANY OUT-OF-NETWORK RELATIONSHIPS IN PLACE WITH MCO'S/BHO'S IN THE AREA.

Available TennCare MCO's	Applicant's Relationship
BlueCare	contracted
United Healthcare Community Plan (formerly AmeriChoice)	contracted
TennCare Select	contracted

SECTION B: PROJECT DESCRIPTION

B.I. PROVIDE A BRIEF EXECUTIVE SUMMARY OF THE PROJECT NOT TO EXCEED TWO PAGES. TOPICS TO BE INCLUDED IN THE EXECUTIVE SUMMARY ARE A BRIEF DESCRIPTION OF PROPOSED SERVICES AND EQUIPMENT, OWNERSHIP STRUCTURE, SERVICE AREA, NEED, EXISTING RESOURCES, PROJECT COST, FUNDING, FINANCIAL FEASIBILITY AND STAFFING.

Proposed Services and Equipment

- The applicant is Athens Regional Medical Center, LLC. It owns and operates the only two acute care facilities in McMinn County, under one consolidated 190-bed license. The two facilities are located in Athens and Etowah. Their public names ("dba's") are Starr Regional Medical Center-Athens (118 beds), and Starr Regional Medical Center-Etowah (72 beds), respectively. (Prior to CY2014, those facilities were named Athens Regional Medical Center, and Woods Memorial Hospital.)
- Starr Regional Medical Center-Etowah ("SRMC-Etowah") has operated a 10-bed geropsychiatric inpatient unit for nine years. It is the only geropsychiatric service in McMinn County. It serves primarily patients 65+ years of age, and occasionally patients 55-64 years of age. This project would expand the unit by four (4) beds, to a complement of fourteen (14) beds--increasing its size from five to seven semi-private rooms.
- To avoid a license increase at the hospital, the applicant will delicense four (4) of its medical-surgical beds at the Etowah campus when the additional four geropsychiatric beds are licensed. (Note: this campus is in the process of suspending its inpatient medical-surgical and critical care services during CY2014; however, the future licensure status of those beds has not yet been determined.)
- The hospital plans to implement the project in two stages. The first stage is the addition of two geropsychiatric beds quickly by January 1, 2015; the second stage is the addition of the other two beds by October 2015.

Ownership Structure

• The applicant, Athens Regional Medical Center, LLC, is owned by LifePoint Hospitals, Inc, through other subsidiaries wholly (100%) or majority (97%) owned by LifePoint Hospitals, Inc. LifePoint is a national hospital company with headquarters in the Nashville area. Attachment A.4 contains more details, an organization chart, and information on the Tennessee facilities owned by this facility's parent organization.

Service Area

- In CY2013, the hospital's geropsychiatric unit received approximately 88.4% of its admissions from McMinn, Bradley, Monroe, Polk, and Meigs Counties. Those constituted its primary service area for CON planning purposes.
- Its Tennessee secondary service area consisted of eight other Tennessee counties (none of which contributed 3% or more of total admissions). The proposed expansion will not change these areas.

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Need

- Admissions to the 10-bed unit at SRMC Etowah have increased by approximately 27% during the past two years. The unit reached almost 66% average annual occupancy in CY2013.
- That was a high rate of utilization for a small unit with all semi-private beds. The "annual average" masks a problem of wide swings in census and the lack of beds on many days. In CY2013, occupancy was 80% or more on almost half (42%) of the days that year. It was 90% or more on 18% of the days (almost one day a week).
- An exacerbating circumstance is that all SRMC-Etowah's beds are semi-private. It is necessary to separate patients by gender. In a busy week, having to use double rooms as single rooms to achieve gender separation lowers available bed capacity. That constraint is never reflected in annual average occupancy calculations that assume all empty beds to be always available.
- In CY2014, demand is going to increase significantly, due to an increase in Medical Director coverage for admissions examinations. At present, admissions cannot occur on two days per week. The hospital expects to restore seven-day admissions coverage within two months; and when that occurs, admissions requests will increase even more.
- At the same time, the applicant recognizes that there is an excess of hospital beds in the service area and especially at this facility in Etowah. Therefore the project will close four underutilized general acute care beds in Etowah as it opens four more geropsychiatric beds--to avoid increasing areawide acute care hospital bed complements.

Existing Resources

• There are two providers of adult psychiatric care in the primary service area. One is the applicant, in McMinn County. The applicant's 10-bed unit serves only geropsychiatric patients. The other is Skyridge Medical Center Westside, in Cleveland, in Bradley County. Skyridge Westside's 30-bed unit serves primarily adults below the age of 65, although it does admit a small number of Medicare-age patients.

Project Cost, Funding, and Financial Feasibility

• The project cost is estimated to be \$1,282,050. The project costs will be funded by LifePoint, Inc., the applicant's parent company, through a cash transfer. The unit is currently operating with a positive financial margin and is projected to continue to do so with an expanded patient census.

Staffing

• Increased census in an expanded service will require addition of 1.5 FTE's in Year

B.II. PROVIDE A DETAILED NARRATIVE OF THE PROJECT BY ADDRESSING THE FOLLOWING ITEMS AS THEY RELATE TO THE PROPOSAL.

B.II.A. DESCRIBE THE CONSTRUCTION, MODIFICATION AND/OR RENOVATION OF THE FACILITY (EXCLUSIVE OF MAJOR MEDICAL EQUIPMENT COVERED BY T.C.A. 68-11-1601 et seq.) INCLUDING SQUARE FOOTAGE, MAJOR OPERATIONAL AREAS, ROOM CONFIGURATION, ETC.

Table Two: Summary of Construction and Changes in Size				
	Total Square Feet			
Facility Before Project	3,056 SF			
Facility After Project	6,181 SF			
Net Increase in Size (%)	3,125 SF (+102.3%)			
Area of New Construction	980 SF			
Area of Buildout or Renovation	5,201 SF			
Total New & Renovated Construction	6,181 SF			

Table Three: Construction Cost Factors (Rounded)					
	Renovated Construction	New Construction	Total Construction		
Square Feet	5,201 SF	980 SF	6,181 SF		
Construction Cost	\$677,950	\$147,050	\$825,000		
Constr. Cost PSF	\$130.35 PSF	\$150.05	\$133.50		

The hospital's geropsychiatric inpatient unit faces Grady Road on one side, and an interior green space on the opposite side. It consists of five semiprivate rooms, with a day room and break room, a nursing station and various support spaces. In the first phase of the proposed expansion, the break room will be converted to a semi-private patient room; the day room will become an activity room; and at the interior end of the unit there will be renovated areas providing a quiet activity/group room, a charting/conference room, a secure room, clean and soiled laundry/linen areas, a shower, equipment storage, and a waiting area. The existing nursing station and staff and handicapped accessible toilets will be renovated. Across the hall from the entry will be a consult/visitor room; down an adjoining hall will be a staff office for the Unit Manager/Nurse Supervisors. On the exterior of the patient wing, a security fence will enclose a covered outdoor sitting

area for the patients. This phase will provide a total complement of twelve beds in six semi-private rooms.

The second phase of the project will extend the building out across the enclosed sitting area to form a new addition of 980 SF, containing two semi-private rooms. One of the older semi-private rooms will be converted to a quiet activity room. A separate group therapy room, and a second consult/visitors room will be added in existing spaces outside the unit on an adjoining hall. At the end of this phase, the geropsychiatric unit will have fourteen beds in seven semi-private rooms. It should be noted that if nearby medical-surgical beds within the hospital become available for reassignment to psychiatric use before the second phase begins, a renovation alternative will be evaluated for potential cost savings in the addition of the four beds in this second phase. Please see the note on page 11 concerning prospective changes in the medical-surgical services at this campus.

Operational Schedule

The proposed beds will be available for patient care 24 hours daily throughout the year. In this application, the applicant has projected starting the second phase immediately after completion of the first phase, so that all fourteen beds will be open in CY2016 and CY2017. That schedule will be contingent upon achieving the continuing increases in utilization projected in the application. If the projected utilization does not increase as rapidly as anticipated, the second phase's two-bed addition to the building may be delayed a year to conserve capital.

Ownership, Cost and Funding

The project cost is estimated at \$1,282,050. It will be funded entirely through a cash grant from the applicant's parent company, LifePoint Hospitals.

Starr Regional Medical Center--Etowah is owned and operated by Athens Regional Medical Center, LLC, which is owned through a series of entities that are wholly (100%) or majority (97%) owned by LifePoint Hospitals, Inc., the parent company. Please see the ownership chart in Attachment A.4.

APPLICANTS WITH HOSPITAL PROJECTS (CONSTRUCTION COST IN EXCESS OF \$5 MILLION) AND OTHER FACILITY PROJECTS (CONSTRUCTION COST IN EXCESS OF \$2 MILLION) SHOULD COMPLETE THE SQUARE FOOTAGE AND COSTS PER SQUARE FOOTAGE CHART.

UTILIZING THE ATTACHED CHART, APPLICANTS WITH HOSPITAL PROJECTS SHOULD COMPLETE PARTS A-E BY IDENTIFYING, AS APPLICABLE, NURSING UNITS, ANCILLARY AREAS, AND SUPPORT AREAS AFFECTED BY THIS PROJECT. PROVIDE THE LOCATION OF THE UNIT/SERVICE WITHIN THE EXISTING FACILITY ALONG WITH CURRENT SQUARE FOOTAGE, WHERE, IF ANY, THE UNIT/SERVICE WILL RELOCATE TEMPORARILY DURING CONSTRUCTION AND RENOVATION, AND THEN THE LOCATION OF THE UNIT/SERVICE WITH PROPOSED SQUARE FOOTAGE. THE TOTAL COST PER SQUARE FOOT SHOULD PROVIDE A BREAKOUT BETWEEN NEW CONSTRUCTION AND RENOVATION COST PER SQUARE FOOT. OTHER FACILITY PROJECTS NEED ONLY COMPLETE PARTS B-E.

Not applicable. The project's construction cost is below this cost threshold.

PLEASE ALSO DISCUSS AND JUSTIFY THE COST PER SQUARE FOOT FOR THIS PROJECT.

Hospital construction projects approved by the HSDA in 2010-2012 had the following construction costs per SF:

Table Four: Hospital Construction Cost PSF Years: 2010 – 2012					
Renovated New Total					
	Construc	tion Construction	Construction		
1 st Quartile	\$99.12/s	q ft \$234.64/sq ft	\$167.99/sq ft		
Median	\$177.60/	sq ft \$259.66/sq ft	\$235.00/sq ft		
3 rd Quartile	\$249.00/	sq ft \$307.80/sq ft	\$274.63/sq ft		

Source: CON approved applications for years 2010 through 2012

The proposed project at Etowah is consistent with those cost ranges. Its overall \$133.50 PSF cost of construction, and its new construction cost PSF, are both below the 1st quartile of Statewide averages, as shown below. Its renovation is below the median.

Table Three (Repeated): Construction Cost Factors (Rounded)					
Renovated Construction New Construction Total Cons					
Square Feet	5,201 SF	980 SF	6,181 SF		
Construction Cost	\$677,950	\$147,050	\$825,000		
Constr. Cost PSF	\$130.35 PSF	\$150.05	\$133.50		

IF THE PROJECT INVOLVES NONE OF THE ABOVE, DESCRIBE THE DEVELOPMENT OF THE PROPOSAL.

Not applicable.

B.II.B. IDENTIFY THE NUMBER AND TYPE OF BEDS INCREASED, DECREASED, CONVERTED, RELOCATED, DESIGNATED, AND/OR REDISTRIBUTED BY THIS APPLICATION. DESCRIBE THE REASONS FOR CHANGE IN BED ALLOCATIONS AND DESCRIBE THE IMPACT THE BED CHANGE WILL HAVE ON EXISTING SERVICES.

Table Five: Proposed Changes in Assignment of Licensed Hospital Beds Starr Regional Medical CenterEtowah					
Bed Assignment	Proposed Assignmen (Change)				
General Medical-Surgical	54	50 (-4)			
Critical Care	8	8			
Psychiatric	10	14 (+4)			
Total Licensed Complement	72	72			

This reclassification will align the geropsychiatric program's bed resources with increasing demand from the community, without adversely impacting the ability of the hospital to meet demand for its medical-surgical services. The resulting utilization and occupancies for all categories of SRMC--Etowah's beds are projected in Section C(II)4 of the application.

Note: Starr Regional Medical Center has just begun planning a suspension of the Etowah campus's inpatient medical-surgical and critical care services, and potential bed reassignments at the Athens campus, during CY2014. However, it is premature in this application to project specific bed license or bed assignment changes at either campus, except for (a) converting four medical-surgical beds to four psychiatric beds at Etowah, and (b) maintaining the current total complements of licensed beds at each campus for the time being. That is what is shown in the bed data in Part A of this application.

B.II.C. AS THE APPLICANT, DESCRIBE YOUR NEED TO PROVIDE THE FOLLOWING HEALTH CARE SERVICES (IF APPLICABLE TO THIS APPLICATION):

1. ADULT PSYCHIATRIC SERVICES....

A. The Etowah Unit is Utilized at Optimal Capacity for a Small Unit

SRMC--Etowah's inpatient geropsychiatric admissions have been steadily increasing. During the past two years they increased approximately 27%:

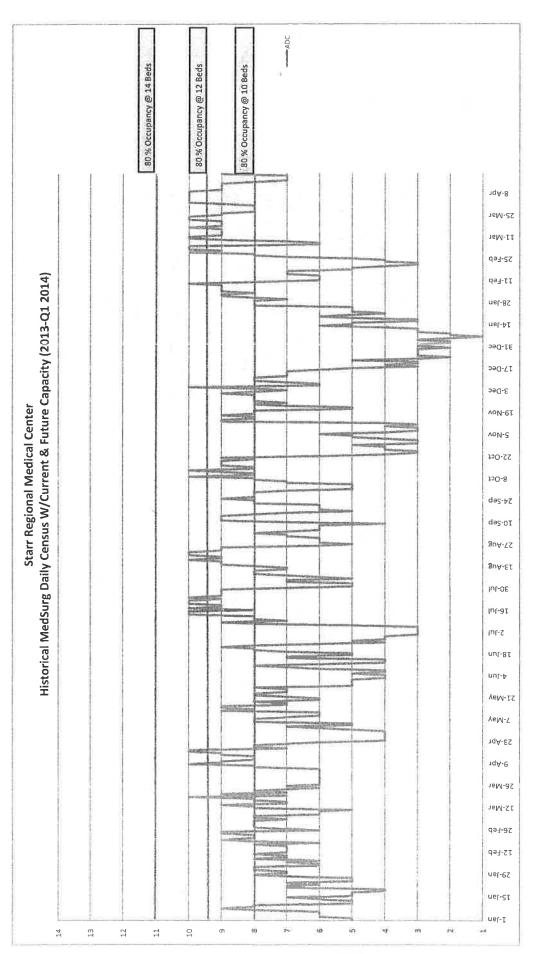
Table Six: Increase in Geropsychiatric Utilization, SRMC CY2011-CY2013					
2011 2013 Two Year Chan					
Beds	10	10			
Admissions	189	240	+27%		
Annual Average. Occupancy	64.1%	65.9%	+1.8%		

Source: Joint Annual Reports of applicant

Although the unit's average annual occupancy in CY2013 was approximately 66%, an annual average is misleading and is an incomplete picture of bed need. This very small 10-bed unit experiences wide swings of occupancy, caused by small variations in census. For example, each single admission or discharge represents an immediate 10% change in occupancy. In CY2013, occupancy was 80% or greater on almost half (42%) of the days; it was 90% or greater almost one day a week (18% of days). The graph on the next page shows these swings. It also depicts how frequently the CY2013 patient census exceeded 80% on a complement of 10 beds (its current number), versus the 12 and 14-bed complements proposed in the two phases of this project. On almost half (42%) of the days that year, the unit's ten beds were occupied at 80% or more. On almost a fifth (18%) of the days, they were occupied 90% or higher.

Another reason why average annual occupancy should not be the primary consideration for evaluating need is that all SRMC-Etowah's beds are semi-private. It is necessary to separate patients by gender. In a busy week, having to use double rooms as single rooms to assure gender separation lowers available bed capacity. That constraint is not reflected in annual average occupancy calculations, which incorrectly assume that all licensed beds are available every day of the year.

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B. Demand for Geropsychiatric Care at Etowah Will Continue To Increase

Significant continuing increases in requests for geropsychiatric admissions are anticipated in 2014 and 2015. In the recent past, admissions have been artificially restrained by a staffing situation and by inadequate community marketing. The two admitting psychiatrists on staff have not been available from 8 AM Friday to 8 AM Sunday, to examine and admit new patients. With the recent employment of a new community education staff member, and with the imminent recruitment of an additional psychiatric nurse practitioner, those limitations will be removed. This will significantly boost admissions in CY2015 if the unit obtains additional bed capacity.

Another reason to anticipate more admissions is the steady increase in the service area population of older persons. The unit has a five-county primary service area. Its population aged 65+ years comprises 17.7% of the total population, compared to a Statewide average of 14.9%. By 2018, the 65+ cohort of the primary service area population will increase to 19.2% of all persons, while the State will reach 16.1%. The growth in the primary service area will be almost five thousand more elderly persons.

C. The Proposed Addition Complies with the State CON Guidelines for Growth

The Guidelines for Growth state that proposals for adult beds (whether 18-64 years of age or 65+ years of age, or both) should be evaluated using a need standard of 30 beds per 100,000 adult population in the service area. Table Seven below shows that the project complies with that standard. There are 30 adult beds in Bradley County at Skyridge Medical Center Westside, and 10 adult (gero) beds in McMinn County at Starr Regional Medical Center, Etowah. The Guideline is 30 beds per 100,000 adult population. Seventeen more beds are needed. The project adds four beds.

Table Seven: Adult Psychiatric Bed Need in Primary Service Area Tennessee Guidelines for Growth						
Age Group	Population	Bed Need	Skyridge Beds	SRMC Beds	Total Beds	Net Bed Need
18-64 yrs	143,566	43.07				
65+ yrs	45,833	13.75				
All Adult	189,399	56.82	30	10	40	16.82 = 17

Source: Population from TDH May 2013 Series. Bed Need from 2000 Guidelines for Growth.

D. SRMC--Etowah is the Most Appropriate Provider to Serve Elderly Patients

The five county service area contains two providers of adult inpatient care. One is the applicant, SRMC--Etowah, located in McMinn County. The other provider is Skyridge Medical Center Westside, located in Cleveland in adjoining Bradley County, closer to Chattanooga.

Table Eight below shows that their roles in the area are not similar. Both offer adult psychiatric inpatient care. But SRMC--Etowah serves older adults; while Skyridge emphasizes younger adults ages 18-64. In the last reported year (2012), SRMC--Etowah received 84.1% of all geropsychiatric age 65+ admissions within the service area, and provided 91.4% of all geropsychiatric age 65+ inpatient days that were provided within the service area. Approximately 93% of SRMC--Etowah's adult psychiatric days were provided to patients age 65+. And although the data are not reported in the Joint Annual Reports, the rest of SRMC's days were for adults ages 55-64.

By contrast, Skyridge's emphasis is almost entirely on adults younger than 65 years of age: in the most recent reported year, less than 4% of its psychiatric admissions, and less than 6% of its psychiatric days, were for adults age 65+. It provided less than 10% of the area's total days of psychiatric care for adults age 65+.

Table Eight: SRMC EtowahThe Leading Provider of Geropsychiatric Care Within the Primary Service Area						
	SRMCEtowah	Skyridge MC Cleveland	Combined 65+ Utilization	% of Combined Utilization Provided by SRMC		
Admissions						
Total	193	968				
65+	180	34	214	84.1%		
% of 65+	93.3%	3.5%				
Patient Days						
Total	2,253	4,594				
65+	2,078	196	2,274	91.4%		
% of 65+	92.2%	5.5%				

Source: TDH 2012 Joint Annual Reports of Hospitals.

B.II.D. DESCRIBE THE NEED TO CHANGE LOCATION OR REPLACE AN EXISTING FACILITY.

Not applicable. The application does not propose such changes.

B.II.E. DESCRIBE THE ACQUISITION OF ANY ITEM OF MAJOR MEDICAL EQUIPMENT (AS DEFINED BY THE AGENCY RULES AND THE STATUTE) WHICH EXCEEDS A COST OF \$1.5 MILLION; AND/OR IS A MAGNETIC RESONANCE IMAGING SCANNER (MRI), POSITRON EMISSION TOMOGRAPHY (PET) SCANNER, EXTRACORPOREAL LITHOTRIPTER AND/OR LINEAR ACCELERATOR BY RESPONDING TO THE FOLLOWING:

- 1. For fixed site major medical equipment (not replacing existing equipment):
 - a. Describe the new equipment, including:
 - 1. Total Cost (As defined by Agency Rule);
 - 2. Expected Useful Life;
 - 3. List of clinical applications to be provided; and
 - 4. Documentation of FDA approval.
 - b. Provide current and proposed schedule of operations.
- 2. For mobile major medical equipment:
 - a. List all sites that will be served;
 - b. Provide current and/or proposed schedule of operations;
 - c. Provide the lease or contract cost;
 - d. Provide the fair market value of the equipment; and
 - e. List the owner for the equipment.
- 3. Indicate applicant's legal interest in equipment (e.g., purchase, lease, etc.) In the case of equipment purchase, include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.

Not applicable. The project does not contain major medical equipment.

B.III.A. ATTACH A COPY OF THE PLOT PLAN OF THE SITE ON AN 8-1/2" X 11" SHEET OF WHITE PAPER WHICH MUST INCLUDE:

- 1. SIZE OF SITE (IN ACRES);
- 2. LOCATION OF STRUCTURE ON THE SITE;
- 3. LOCATION OF THE PROPOSED CONSTRUCTION; AND
- 4. NAMES OF STREETS, ROADS OR HIGHWAYS THAT CROSS OR BORDER THE SITE....

See Attachment B.III.A.

B.III.B.1. DESCRIBE THE RELATIONSHIP OF THE SITE TO PUBLIC TRANSPORTATION ROUTES, IF ANY, AND TO ANY HIGHWAY OR MAJOR ROAD DEVELOPMENTS IN THE AREA. DESCRIBE THE ACCESSIBILITY OF THE PROPOSED SITE TO PATIENTS/CLIENTS.

The hospital is located in Etowah, on US Highway 411, which parallels I-75 running southwest to northeast between the Chattanooga and Knoxville areas.. US 411 is 12-14 miles east of I-75 for most of the distance between Chattanooga and Knoxville. As shown in the table below, SRMC--Etowah's campus is approximately a half hour drive or less from all the largest communities in its 5-county geropsychatric primary service area. It is more than an hour's drive time from Knoxville and from Chattanooga.

Etowah itself is a small community. The hospital campus is on the west side of US 411/Tennessee Avenue, a few hundred yards north of its intersection with State Highway 30 (David Lillard Memorial Highway), which connects Etowah and Athens. Etowah does not have public transportation. Non-emergency patients throughout the service area typically drive personal vehicles to healthcare providers.

Table Nine: Mileage and Drive Times Between Project and Major Communities In or Near the Primary Service Area							
	County or State	Distance	Drive Time				
1. Athens	McMinn	9.5 mi.	13 min.				
2. Cleveland	Bradley	29.6 mi.	35 min.				
3. Decatur	Meigs	22.8 mi.	29 min.				
4. Sweetwater	Monroe	25.3 mi.	31 min.				
5. Madisonville	Monroe	15.8 mi.	20 min.				
6. Tellico Plain	Monroe	16.4 mi.	26 min.				
7. Benton	Polk	14.7 mi.	18 min.				
8. Chattanooga	Hamilton	63.6 mi.	67 min.				
9. Knoxville	Knox	45.2 mi.	58 min.				

Source: Google Maps, March 9, 2014

B.IV. ATTACH A FLOOR PLAN DRAWING FOR THE FACILITY WHICH INCLUDES PATIENT CARE ROOMS (NOTING PRIVATE OR SEMI-PRIVATE), ANCILLARY AREAS, EQUIPMENT AREAS, ETC.

See attachment B.IV.

IV. FOR A HOME CARE ORGANIZATION, IDENTIFY

- 1. EXISTING SERVICE AREA (BY COUNTY);
- 2. PROPOSED SERVICE AREA (BY COUNTY);
- 3. A PARENT OR PRIMARY SERVICE PROVIDER;
- 4. EXISTING BRANCHES AND/OR SUB-UNITS; AND
- 5. PROPOSED BRANCHES AND/OR SUBUNITS.

Not applicable. The application is not for a home care organization.

C(I) NEED

- C(I).1. DESCRIBE THE RELATIONSHIP OF THIS PROPOSAL TO THE IMPLEMENTATION OF THE STATE HEALTH PLAN AND TENNESSEE'S HEALTH: GUIDELINES FOR GROWTH.
- A. PLEASE PROVIDE A RESPONSE TO EACH CRITERION AND STANDARD IN CON CATEGORIES THAT ARE APPLICABLE TO THE PROPOSED PROJECT. DO NOT PROVIDE RESPONSES TO GENERAL CRITERIA AND STANDARDS (PAGES 6-9) HERE.
- B. APPLICATIONS THAT INCLUDE A CHANGE OF SITE FOR A HEALTH CARE INSTITUTION, PROVIDE A RESPONSE TO GENERAL CRITERION AND STANDARDS (4)(a-c).

Project-Specific Review Criteria--Psychiatric Inpatient Services

A. Need

- 1. The population-based estimate of the total need for psychiatric inpatient services is 30 beds per 100,000 general population (using population estimates prepared by the Department of Health and applying the data in the Joint Annual Reports).
- 2 For adult persons, the age group of 18 years and older should be used in calculating the estimated total number of beds needed.
- 3. For child inpatients under age 13, and if adolescent program the age group of 13-17 should be used.
- 4. These estimates for total need should be adjusted by the existing staffed beds operating in the area, as counted by the Department of Health in the Joint Annual Report.

Guidelines A.1 and A.2 above state that proposals for adult beds (whether 18-64 years of age or 65+ years of age, or both) should be evaluated using a need standard of 30 beds per 100,000 adult population in the service area, and that the latest TDH population projections should be used in that calculation. Table Seven below shows that the project complies with the Guidelines. There are 30 adult beds in Bradley County at Skyridge Medical Center Westside, and 10 adult (gero) beds in McMinn County at Starr Regional Medical Center, Etowah. The Guideline is 30 beds per 100,000 adult population. Seventeen more beds are needed. The project adds only four beds.

Table S	Seven (Repeat		Psychiatric B Guidelines f		Primary Serv	ice Area
Age Group	Population	Bed Need	Skyridge Beds	SRMC Beds	Total Beds	Net Bed Need
18-64 yrs	143,566	43.07				
65+ yrs	45,833	13.75				
All Adult	189,399	56.82	30	10	40	16.82 = 17

Source: Population from TDH May 2013 Series. Bed Need from 2000 Guidelines for Growth.

The bed need calculations used in Table Seven are shown in Table Ten, on the four pages following the discussions of the Guidelines for Psychiatric Inpatient Services.

B. Service Area

1. The geographic service area should be reasonable and based on an optimal balance between population density and service proximity of the Community Service Agency.

The project location is within approximately a half hour or less drive time of the county seats and principal towns in the five-county service area.

2. The relationship of the socio-demographics of the service area, and the projected population to receive services, should be considered. The proposal's sensitivity to and responsiveness to the special needs of the service area should be considered including accessibility to consumers, particularly women, racial and ethnic minorities, low income groups, and those needing services involuntarily.

This service will be available to elderly patients of both genders, all income levels, all racial and ethnic groups, and patients requiring involuntary admissions.

C. Relationship to Existing Applicable Plans

1. The proposal's relationship to policy as formulated in state, city, county, and/or regional plans and other documents should be a significant consideration.

The State of Tennessee has greatly reduced its financial support of inpatient psychiatric facilities in recent years. As those programs have closed, needs for service have intensified due to unavailability of city, county, and regional programs adequate for these types of conditions. Medicare does fund inpatient care of this type and State policies in the past have been supportive of this source of care. In addition, the State Guidelines for Growth, on page 5, sets forth positions that are supported by this project. They support directing delivery of services to the most medically appropriate and cost-

X

effective settings, which this psychiatric service provides. The Guidelines support institutions that provide care to the elderly and this is a geriatric service. They recommend that preference be given to patient accessibility and availability, which SRMC—Etowah offers for this type of program, being toward the center of the rural service area.

2. The proposal's relationship to underserved geographic areas and underserved population groups as identified in state, city, county and/or regional plans and other documents should be a significant consideration.

The project serves five counties, all of which contain medically underserved areas. Please see the documentation in the Miscellaneous section of the Attachments.

3. The impact of the proposal on similar services supported by state appropriations should be assessed and considered.

Not applicable.

4. The proposal's relationship to whether or not the facility takes voluntary and/or involuntary admissions, and whether the facility serves acute and/or long-term patients, should be assessed and considered.

The applicant plans to accept involuntary admissions, which have not been accepted in the past. Involuntary ""604" commitments to a geropsychiatric inpatient program will require the immediate availability of legal counsel and a judge to authorize the admission, at whatever time the patient presents. This is often difficult to achieve in a rural area. But the hospital will pursue that capability because it is appropriate in this service area, and an enlarged unit will have more capacity to make it feasible.

5. The degree of projected financial participation in the Medicare and TennCare programs should be considered.

This unit will be more than 98% Medicare-based. TennCare patients aged 55-64 will be served but probably less than 1% of the total admissions.

D. Relationship to Existing Similar Services in the Area

1. The area's trends in occupancy and utilization of similar services should be considered.

Please see Table Fourteen in Section C.I.5 below for three years' utilization data of the two adult psychiatric services operating within the applicant's five-county geropsychiatric primary service area. The other service is at Skyridge Medical Center Westside, a Community Health Systems hospital in Cleveland, Bradley County. Its occupancy increased over the past three reported years (2010-2012) but was below 50%. However, as pointed out earlier in this application, Skyridge's large 30-bed service emphasizes the care of younger adults; 96.5% of its admissions in CY2012 were younger than 65 years of age. By contrast, 93.3% of SRMC—Etowah's admissions that year were of patients age 65+. In recent years, the two hospitals served largely different age groups, with minimal duplication. While Skyridge has ample bed capacity for those it serves, SRMC—Etowah needs more capacity for those it serves.

2. Accessibility to specific special need groups should be an important factor.

The applicant has demonstrated its accessibility to all payor groups. It is also offering to accept forensic/involuntary admissions with the support of the local judicial system.

E. Feasibility

The ability of the applicant to meet Tennessee Department of Mental Health licensure requirements (related to personnel and staffing for psychiatric inpatient facilities) should be considered.

The applicant's geropsychiatric unit is licensed by the Tennessee Department of Health and is in compliance with State requirements. The Department of Mental Health does not license psychiatric beds within hospitals licensed by the Department of Health.

	8 Psychiatric
	er 100,000
Anderson 46,514 46,682	14.00
Bedford 28,299 30,205	9.06
Benton 9,385 9,145	2.74
Bledsoe 7,864 7,736	2.32
Blount 77,990 81,446	24.43
Bradley 63,794 65,999	19.80
Campbell 25,056 25,635	7.69
Cannon 8,648 8,843	2.65
Carroll 16,555 16,149	4.84
Carter 35,013 34,504	10.35
Cheatham 26,105 27,832	8.35
Chester 10,875 11,169	3.35
Claiborne 20,121 20,107	6.03
Clay 4,437 4,331	1.30
Cocke 21,568 21,699	6.51
Coffee 33,843 36,716	11.01
Crockett 8,533 8,648	2.59
Cumberland 30,946 32,582	9.77
Davidson 431,523 433,351	130.01
Decatur 6,766 6,881	2.06
DeKalb 11,436 11,325	3.40
Dickson 32,371 34,827	10.45
Dyer 22,918 22,851	6.86
Fayette 25,390 27,718	8.32
Fentress 10,807 11,077	3.32
Franklin 25,100 25,864	7.76
Gibson 30,026 30,782	9.23
Giles 17,541 17,207	5.16
Grainger 13,906 13,814	4.14
Greene 42,066 42,287	12.69
Grundy 7,742 7,664	2.30
Hamblen 38,163 38,987	11.70
Hamilton 217,670 215,964	64.79
Hancock 3,988 3,849	1.15
Hardeman 16,881 16,461	4.94
Hardin 15,275 15,093	4.53
Hawkins 34,949 35,689	10.71
Haywood 11,051 10,790	3.24
Henderson 16,976 17,160	5.15
Henry 18,630 18,509	5.55
Hickman 15,405 15,306	4.59
Houston 4,857 4,861	1.46
Humphreys 10,890 10,801	3.24
Jackson 6,868 6,807	2.04
Jefferson 32,495 34,112	10.23
Johnson 11,143 11,027	3.31
Knox 291,032 298,570	89.57
Lake 7,376 7,109	2.13
Lauderdale 17,111 16,896	5.07
Lawrence 24,627 24,496	7.35
Lewis 7,178 7,100	2.13
Lincoln 21,651 22,930	6.88
Loudon 28,820 30,039	9.01
McMinn 31,757 31,896	9.57
McNairy 15,596 15,884	4.77

Table Ten-A: PSA Psychiatric Bed Need, Ages 18-64 2000 Guidelines for Growth						
COUNTY	2014	2018	2018 Psychiatric Bed Need @ 30 per 100,000			
Macon	14,043	14,665	4.40			
Madison	61,626	61,248	18.37			
Marion	17,330	17,322	5.20			
Marshall	19,167	19,361	5.81			
Maury	50,476	50,118	15.04			
Meigs	7,398	7,614	2.28			
Monroe	27,318	28,234	8.47			
Montgomery	116,312	120,878	36.26			
Moore	3,791	3,906	1.17			
Morgan	14,118	14,113	4.23			
Obion	18,697	18,455	5.54			
Overton	13,184	13,384	4.02			
Perry	4,568	4,507	1.35			
Pickett	2,786	2,687	0.81			
Polk	9,911	9,823	2.95			
Putnam	48,096	50,496	15.15			
Rhea	20,104	20,811	6.24			
Roane	32,030	31,951	9.59			
Robertson	45,258	50,507	15.15			
Rutherford	192,147	214,732	64.42			
Scott	13,136	12,990	3.90			
Sequatchie	9,151	9,798	2.94			
Sevier	57,960	60,259	18.08			
Shelby	596,063	593,665	178.10			
Smith	12,101	12,474	3.74			
Stewart	8,062	8,262	2.48			
Sullivan	96,231	98,890	29.67			
Sumner	105,847	111,550				
Tipton	40,205	43,023	12.91			
Trousdale	5,088	5,302	1.59			
Unicoi	10,822	10,775	3.23			
Union	11,825	11,843	3.55			
Van Buren	3,283	3,177	0.95			
Warren	24,234	24,525	7.36			
Washington	82,641	85,513				
Wayne	10,737	10,534				
Weakley	25,179	25,016				
White	15,878	16,402				
Williamson	124,846	139,522	41.86			
Wilson	76,547	81,200	24.36			
State of Tennessee	4,101,723	4,204,944				
Project Service Area		143,566				

Source: TDH May 2013 Population Projections

Table Ten-B: P: 2000	SA Psychiatr 0 Guidelines		
			2018 Psychiatric
			Bed Need @ 30
COUNTY	2014	2018	per 100,000
Anderson	14,531	16,277	4.88
Bedford	6,804	7,595	2.28
Benton	3,698	3,864	1.16
Bledsoe	2,271	2,525	0.76
Blount	23,120	25,829	7.75
Bradley	16,410	18,507	5.55
Campbell	7,614	8,122	2.44
Cannon	2,519	2,694	0.81
Carroll	5,546	5,772	1.73
Carter	11,049	12,027 5,769	3.61
Cheatham Chester	4,905 2,749		1.73 0.88
Claiborne	5,880	2,926 6,378	1.91
Clay	1,704	1,782	0.53
Cocke	6,669	6,871	2.06
Coffee	8,115	7,380	2.21
Crockett	2,550	2,644	0.79
Cumberland	15,838	15,630	4.69
Davidson	74,375	85,594	25.68
Decatur	2,579	2,634	0.79
DeKalb	3,337	3,678	1.10
Dickson	6,998	7,566	2.27
Dyer	6,273	6,801	2.04
Fayette	6,955	8,125	2.44
Fentress	3,566	3,870	1.16
Franklin	7,465	7,463	2.24
Gibson	8,788	9,211	2.76
Giles	5,482	5,892	1.77
Grainger	4,204	4,557	1.37
Greene	13,816	14,889	4.47
Grundy	2,637	2,792	0.84
Hamblen	11,269	12,067	3.62
Hamilton	56,269	62,554	18.77
Hancock	1,300	1,431	0.43
Hardeman	4,230	4,550	1.37
Hardin	5,397	5,832	1.75
Hawkins	11,259	12,990	3.90
Haywood	2,766	3,041	0.91
Henderson	4,737	5,232	1.57
Henry Hickman	6,936	7,276 4,576	2.18
Houston	3,953		1.37
Humphreys	1,643 3,575	1,760 3,809	0.53 1.14
Jackson	2,339	2,541	0.76
Jefferson	9,972	11,291	3.39
Johnson	3,748	3,965	1.19
Knox	66,392	78,354	23.51
Lake	1,134	1,218	0.37
Lauderdale	3,834	4,194	1.26
Lawrence	7,483	8,001	2.40
		0,001	2.40
Lewis		2 484	0.75
Lewis Lincoln	2,200	2,484 4,949	0.75 1.48
Lewis Lincoln Loudon		2,484 4,949 14,179	0.75 1.48 4.25

Table Ten-B: PSA Psychiatric Bed Need, Ages 65+ 2000 Guidelines for Growth						
COUNTY	2014	2018	2018 Psychiatric Bed Need @ 30 per 100,000			
McNairy	5,064	5,465	1.64			
Macon	3,647	4,132	1.24			
Madison	14,350	15,838	4.75			
Marion	5,320	5,916	1.77			
Marshall	4,798	5,495	1.65			
Maury	12,350	14,097	4.23			
Meigs	2,457	2,790	0.84			
Monroe	8,938	10,340	3.10			
Montgomery	16,292	18,946	5.68			
Moore	1,270	1,246	0.37			
Morgan	3,436	3,796	1,14			
Obion	5,922	6,235	1.87			
Overton	4,279	4,554	1.37			
Perry	1,707	1,909	0.57			
Pickett	1,292	1,369	0.41			
Polk	3,244	3,540	1.06			
Putnam	11,691	12,358	3.71			
Rhea	5,982	6,725	2.02			
Roane	11,422	12,508	3.75			
Robertson	8,126	9,221	2.77			
Rutherford	27,218	33,222	9.97			
Scott	3,541	3,857	1.16			
Sequatchie	2,795	3,277	0.98			
Sevier	16,768	19,252	5.78			
Shelby	108,570	124,946	37.48			
Smith	3,018	3,398	1.02			
Stewart	2,510	2,715	0.81			
Sullivan	33,325	37,365	11.21			
Sumner	25,164	29,697	8.91			
	8,042	9,367	2.81			
Tipton Trousdale	1,233	1,399	0.42			
Unicoi	3,945	4,264	1.28			
Union	3,945	3,660	1.10			
	1,118	1,259	0.38			
Van Buren Warren	6,675	7,203				
Washington	21,731	24,152				
Wayne	3,005	3,219				
Weakley	5,830	6,218				
White	5,051	5,375				
	23,028	27,729	8.32			
Williamson Wilson	17,944	21,729				
State of Tennessee	981,984	1,102,413				
Project Service Area	X	45,833	13.75			

Source: TDH May 2013 Population Projections

Project-Specific Review Criteria: Construction, Renovation, Expansion, and Replacement of Health Care Institutions

1. Any project that includes the addition of beds, services, or medical equipment will be reviewed under the standards for those specific activities.

The Guidelines for Psychiatric Inpatient Care applications have been addressed in the preceding section.

- 2. For relocation or replacement of an existing licensed healthcare institution:
- a. The applicant should provide plans which include costs for both renovation and relocation, demonstrating the strengths and weaknesses of each alternative
- b. The applicant should demonstrate that there is an acceptable existing or projected future demand for the proposed project.

Not applicable; this will be a small expansion of an existing hospital facility.

- 3. For renovation or expansion of an existing licensed healthcare institution:
- a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.

The need for additional beds has been presented in Section B.II.B of this application. It is needed to avoid denials of admissions in peak periods of demand.

b. the applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.

The unit to be expanded is on an outer wall of the hospital. By its nature, it is a contained and secure unit. Internally, it is bounded by medical-surgical units and services that should not be displaced. So the decision was made to add a small two-room expansion on the end of the geropsychiatric wing. New construction is minimal; and its small cost is only a fourth of the hospital capital expenditure threshold for mandatory CON review.

The Framework for Tennessee's Comprehensive State Health Plan

Five Principles for Achieving Better Health

The following Five Principles for Achieving Better Health serve as the basic framework for the State Health Plan. After each principle, the applicant states how this CON application supports the principle, if applicable.

1. Healthy Lives

The purpose of the State Health Plan is to improve the health of Tennesseans. Every person's health is the result of the interaction of individual behaviors, society, the environment, economic factors, and our genetic endowment. The State Health Plan serves to facilitate the collaboration of organizations and their ideas to help address health at these many levels.

As the service area population ages and its mental health needs increase, inpatient units such as this are needed to replace diminished State commitments to maintaining inpatient campuses in major cities. The location of these units closer to residents they serve is also more accessible.

2. Access to Care

Every citizen should have reasonable access to health care.

Many elements impact one's access to health care, including existing health status, employment, income, geography, and culture. The State Health Plan can provide standards for reasonable access, offer policy direction to improve access, and serve a coordinating role to expand health care access.

This unit focuses on the elderly patient age 65+, for whom Medicare assistance is available. This ensures reasonable accessibility to needed care—but only if there are sufficient beds to meet local demands. SRMC—Ethowah has filed this application to avoid encountering increased numbers of days in which beds are not available when the medical staff requests an admission.

3. Economic Efficiencies

The state's health care resources should be developed to address the needs of Tennesseans while encouraging competitive markets, economic efficiencies and the continued development of the state's health care system. The State Health Plan should work to identify opportunities to improve the efficiency of the state's health care system and to encourage innovation and competition.

Adult psychiatric inpatient care is provided in the project service area by two hospitals. While they compete, they have also apparently specialized in the patient populations they primarily serve—with the applicant's facility playing a much larger role in the care of elderly patients, and the other facility playing a much larger role in the care of younger adults ages 18-64. This is a blend of the two competing objectives of efficiently utilizing existing investments, while also maintaining effective competition to ensure continuing availability of patient choices based on convenience and quality of care.

4. Quality of Care

Every citizen should have confidence that the quality of health care is continually monitored and standards are adhered to by health care providers. Health care providers are held to certain professional standards by the state's licensure system. Many health care stakeholders are working to improve their quality of care through adoption of best practices and data-driven evaluation.

The applicant is licensed and fully accredited by the Joint Commission.

5. Health Care Workforce

The state should support the development, recruitment, and retention of a sufficient and quality health care workforce. The state should consider developing a comprehensive approach to ensure the existence of a sufficient, qualified health care workforce, taking into account issues regarding the number of providers at all levels and in all specialty and focus areas, the number of professionals in teaching positions, the capacity of medical, nursing, allied health and other educational institutions, state and federal laws and regulations impacting capacity programs, and funding.

The applicant's two-hospital system participates in the training of health professionals in several disciplines. Please see Section C.III.6 of the application.

C(I).2. DESCRIBE THE RELATIONSHIP OF THIS PROJECT TO THE APPLICANT'S LONG-RANGE DEVELOPMENT PLANS, IF ANY.

The applicant's owner has just acquired the Etowah facility and merged it with Starr Regional Medical Center--Athens within the past year. Long range planning for coordinated operation of both campuses is underway, but is not yet complete.

However, it is already clear that there is a long-standing commitment to high quality behavioral healthcare at the Etowah facility. In recognition of this, the applicant's new owner, LifePoint Hospitals, is proposing substantial capital expenditures in this project to expand and to enhance its program of adult psychiatric services at that campus.

Note: Starr Regional Medical Center has just begun planning a suspension of the Etowah campus's inpatient medical-surgical and critical care services, and potential bed reassignments at the Athens campus, during CY2014. However, it is premature in this application to project specific bed license or bed assignment changes at either campus, except for (a) converting four medical-surgical beds to four psychiatric beds at Etowah, and (b) maintaining the current total complements of licensed beds at each campus for the time being. That is what is shown in the bed data in Part A of this application.

C(I).3. IDENTIFY THE PROPOSED SERVICE AREA AND JUSTIFY THE REASONABLENESS OF THAT PROPOSED AREA. SUBMIT A COUNTY-LEVEL MAP INCLUDING THE STATE OF TENNESSEE CLEARLY MARKED TO REFLECT THE SERVICE AREA. PLEASE SUBMIT THE MAP ON A 8-1/2" X 11" SHEET OF WHITE PAPER MARKED ONLY WITH INK DETECTABLE BY A STANDARD PHOTOCOPIER (I.E., NO HIGHLIGHTERS, PENCILS, ETC.).

The geropsychiatric primary service area of SRMC--Etowah consists of MeMinn, Bradley, Monroe, Polk, and Meigs Counties. Those five contiguous counties contributed 88.4% of the unit's admissions in CY2013. The service area and patient origin for the expanded unit are projected to be the same. Table Eleven on the following page shows each county's projected admissions to the unit in the 14-bed unit's first two years of operation. Service area maps and a map showing the location of the service within the State of Tennessee are provided as Attachments C, Need--3 at the back of the application.

Table Eleve Starr Regional Hospital Etc	en: Patient Ori wahGeropsy CY2016-CY20	chiatric Unit	า 4-Bed Expans	sion	
County	Admissions CY2013	Percent of Total Admissions	Total	Year One CY2016 Admissions	Year Two CY2017 Admissions
Primary Service Area (PSA) Counties					
McMinn	77	31.82%	31.82%	97	102
Bradley	63	26.03%	57.85%	79	83
Monroe	46	19.01%	76.86%	58	
Polk	15	6.20%	83.06%	19	20
Meigs	13	5.37%	88.43%		17
PSA Subtotal	214	88.43%		270	283
Secondary Service Area (SSA) Counties <3% Each					
8 Other TN Counties	24	9.92%	98.35%	30	32
Other States	4	1.65%	100.00%	5	52
SSA Subtotal	28	11.57%	. 50,0070	35	37
Grand Total	242	100.00%	100.00%	305	320

Source: Hospital records and management projections.

C(I).4.A DESCRIBE THE DEMOGRAPHICS OF THE POPULATION TO BE SERVED BY THIS PROPOSAL.

Please see Table Twelve on the following page. The service area's median age of 41.4 years is approximately 9% higher than the State average of 38.0 years.

Between CY2014 and CY2018, the service area's age 65+ population is projected to increase at a slightly slower rate than the State average (11.9% vs. 12.3%).

However, the 65+ age group in the service area is 17.7% of the total population compared to only 14.9% Statewide. In CY2018, it will be 19.2%, compared to only 16.1% Statewide.

The significant implication of these trends is that, over these next four years, the total increase in the service area population age 65+ will be almost five thousand persons (4,872).

Table Twelve: Demographic Characteristics of Primary Service Area Starr Medical Center--Etowah Geropsychiatric Program Four Age Cohorts: 13-17,18-64, 65+, and Total (All Ages) 2014-2018

	PRADLEY		WEICE		DOLK		
Demographic	BRADLEY County	McMINN County	MEIGS County	MONROE County	POLK County	TENNESSEE PSA	STATE OF TENNESSEE
Median Age-2010 US Census	38.2	41.6	42.9	41.6	42.5	41.4	38.0
	STATE OF SHIP		No High				
Total Population-2014	103,308	53,233	12,205	46,092	16,604	231,442	6,588,698
Total Population-2018	107,481	54,203	12,643	48,088	16,588	239,003	6,833,509
Total Population-% Change 2014 to 2018	4.0%	1.8%	3.6%	4.3%	-0.1%	3.3%	3.7%
				THE TACK			
Age 65+ Population-2014	16,410	9,912	2,457	8,938	3,244	40,961	981,984
% of Total Population	15.9%	18.6%	20.1%	19.4%	19.5%	17.7%	14.9%
Age 65+ Population-2018	18,507	10,656	2,790	10,340	3,540	45,833	1,102,413
% of Total Population	17.2%	19.7%	22.1%	21.5%	21.3%	19.2%	16.1%
Age 65+ Population- % Change 2014-2018	12.8%	7.5%	13.6%	15.7%	9.1%	11.9%	12.3%
Age 18-64 Population-2014	63,794	31,757	7,398	27,318	9,911	140,178	4,101,723
% of Total Population	61.8%	59.7%	60.6%	59.3%	59.7%	60.6%	62.3%
Age 18-64 Population-2018	65,999	31,896	7,614	28,234	9,823	143,566	4,204,944
% of Total Population	61.4%	58.8%	60.2%	58.7%	59.2%	60.1%	61.5%
Age18-64 Population- % Change 2014-2018	3.5%	0.4%	2.9%	3.4%	-0.9%	2.4%	2.5%
美国基本的基础							
Age 13-17 Population-2014	7,188	3,430	774	2,840	1,095	15,327	431,259
% of Total Population	7.0%	6.4%	6.3%	6.2%	6.6%	6.6%	6.5%
Age 13-17 Population-2018	7,465	3,311	673	2,859	1,033	15,341	434,810
% of Total Population	6.9%	6.1%	5.3%	5.9%	6.2%	6.4%	6.4%
Age13-17 Population- % Change 2014-2018	3.9%	-3.5%	-13.0%	0.7%	-5.7%	0.1%	0.8%
Median Household Income	\$40,614	\$38,944	\$33,942	\$36,430	\$37,235	37,433	\$44,140
TennCare Enrollees (10/13)	18,036	10,241	2,592	9,950	3,377	8,839	1,198,663
Percent of 2014 Population Enrolled in TennCare	17.5%	19.2%	21.2%	21.6%	20.3%	3.8%	18.2%
Persons Below Poverty Level (2012)	18,389	9,848	2,844	8,896	2,956	42,932	1,139,845
Persons Below Poverty Level As % of Population (US Census)	17.8%	18.5%	23.3%	19.3%	17.8%	9.7%	17.3%
				3.3.0	27.070	2.7 70	17.570

Sources: TDH Population Projections, May 2013; U.S. Census QuickFacts and FactFinder2; TennCare Bureau. PSA data is unweighted average or total of county data. NR means not reported in U.S. Census source document.

C(I).4.B. DESCRIBE THE SPECIAL NEEDS OF THE SERVICE AREA POPULATION, INCLUDING HEALTH DISPARITIES, THE ACCESSIBILITY TO CONSUMERS, PARTICULARLY THE ELDERLY, WOMEN, RACIAL AND ETHNIC MINORITIES, AND LOW-INCOME GROUPS. DOCUMENT HOW THE BUSINESS PLANS OF THE FACILITY WILL TAKE INTO CONSIDERATION THE SPECIAL NEEDS OF THE SERVICE AREA POPULATION.

Like other services of Starr Regional Medical Center--Etowah, this proposed small geropsychiatric bed addition will be accessible to the above groups. It will accept Medicare and commercial patients.

C(I).5. DESCRIBE THE EXISTING OR CERTIFIED SERVICES, INCLUDING APPROVED BUT UNIMPLEMENTED CON'S, OF SIMILAR INSTITUTIONS IN THE SERVICE AREA. INCLUDE UTILIZATION AND/OR OCCUPANCY TRENDS FOR EACH OF THE MOST RECENT THREE YEARS OF DATA AVAILABLE FOR THIS TYPE OF PROJECT. BE CERTAIN TO LIST EACH INSTITUTION AND ITS UTILIZATION AND/OR OCCUPANCY INDIVIDUALLY. INPATIENT BED PROJECTS MUST INCLUDE THE FOLLOWING DATA: ADMISSIONS OR DISCHARGES, PATIENT DAYS, AND OCCUPANCY. OTHER PROJECTS SHOULD USE THE MOST APPROPRIATE MEASURES, E.G., CASES, PROCEDURES, VISITS, ADMISSIONS, ETC.

The project service area's only other provider of adult psychiatric inpatient care is Skyridge Medical Center Westside, a hospital in Cleveland, in Bradley County, near Chattanooga. It is 31.9 miles, and 38 minutes drive time, from Starr Regional Medical Center--Etowah. And, as the map in the Attachments shows, Bradley County is on the south end of this service area. It is obviously farther away than Etowah is, from other service area communities in McMinn, Monroe, and Meigs Counties.

Tables Thirteen and Fourteen on the following two pages provide the utilization of all five service area hospitals from 2010-2012, and the geropsychiatric bed utilization of the two who provide that service. Data are from the Joint Annual Reports of Hospitals.

	Table Thirteen: Licensed I	-		tion in Pr	imary Se	rvice Are	a	
	2040 Isint Annual Deports of Hoopita)-2012					
State	2010 Joint Annual Reports of Hospita Facility Name	County	Licensed Beds	Admissions	Days	Avg Length of Stay (Days)	Avg Daily Census (Patients)	Occupancy on Licensed Beds
ID		Bradley	251	9,870	37,932	3.8	104	41.49
	Skyridge Medical Center (Main Campus)	Bradley	100		3,792	4.6	104	10.49
	Skyridge Medical Center Westside	McMinn	118		8,575	3.5	23	19.99
	Athens Regional Medical Center (now SRMC Athens)	McMinn	72	1,616	8,796	5.4	24	33.59
	Woods Memorial Hospital (now SRMC Etowah)		59		10,557	4.3	29	49.09
	Sweetwater Hospital Association	Monroe	25		3,067	3.9	8	33.69
	Copper Basin Medical Center	Polk						
	SERVICE AREA TOTALS		625	18,021	72,719	4.0	199	31.9%
HASTATIST	STATE OF THE PROPERTY OF THE P	DOMESTIC OF		1300	THE PARTY	经现在分词		mishing at a
	2011 Joint Annual Reports of Hospita	ls						
State			Licensed		362	Avg Length of Stay	Avg Daily Census	Occupancy on License
ID	Facility Name	County	Beds	Admissions	Days	(Days)	(Patients)	Beds
	Skyridge Medical Center (Main Campus)	Bradley	251	8,613	36,187	4.2	99	39.5%
	Skyridge Medical Center Westside	Bradley	100	853	3,867	4.5	11	10.69
	Athens Regional Medical Center (now SRMC Athens)	McMinn	118	2,299	8,275	3.6	23	19.29
	Woods Memorial Hospital (now SRMC Etowah)	McMinn	72	1,610	8,892	5.5	24	33.89
	Sweetwater Hospital Association	Monroe	59		11,465	4.5	31	53.29
	Copper Basin Medical Center	Polk	25	942	4,220	4.5	12	46.29
	SERVICE AREA TOTALS		625	16,862	72,906	4.3	200	32.0%
MISSIE!	van and practice money of a continuous efficiency.	escular problem		ardra tourin		Walking at	o Sin Paring	
	2012 Joint Annual Reports of Hospita	ls						
								Occupance
State	Facility Name	County	Licensed Beds	Admissions	Davs	Avg Length of Stay (Davs)	Avg Daily Census* (Patients)	on License
State ID	Facility Name Skyridge Medical Center (Main Campus)	County	Beds	Admissions 8.557	Days 34 361	of Stay (Days)	Census* (Patients)	on License Beds
	Skyridge Medical Center (Main Campus)	Bradley	Beds 251	8,557	34,361	of Stay (Days) 4.0	Census* (Patients) 94	on License Beds 37.49
	Skyridge Medical Center (Main Campus) Skyridge Medical Center Westside	Bradley Bradley	Beds 251 100	8,557 968	34,361 4,594	of Stay (Days) 4.0 4.7	Census* (Patients) 94 13	on License Beds 37.49 12.69
	Skyridge Medical Center (Main Campus) Skyridge Medical Center Westside Athens Regional Medical Center (now SRMC Athens)	Bradley Bradley McMinn	Beds 251 100 118	8,557 968 2,327	34,361 4,594 8,366	of Stay (Days) 4.0 4.7 3.6	Census* (Patients) 94 13	on License Beds 37.49 12.69
	Skyridge Medical Center (Main Campus) Skyridge Medical Center Westside Athens Regional Medical Center (now SRMC Athens) Woods Memorial Hospital (now SRMC Etowah)	Bradley Bradley McMinn McMinn	Beds 251 100 118 72	8,557 968 2,327 1,356	34,361 4,594 8,366 7,526	of Stay (Days) 4.0 4.7 3.6 5.6	Census* (Patients) 94 13 23	on License Beds 37.49 12.69 19.49 28.69
	Skyridge Medical Center (Main Campus) Skyridge Medical Center Westside Athens Regional Medical Center (now SRMC Athens) Woods Memorial Hospital (now SRMC Etowah) Sweetwater Hospital Association	Bradley Bradley McMinn McMinn Monroe	Beds 251 100 118 72 59	8,557 968 2,327 1,356 2,268	34,361 4,594 8,366 7,526 10,251	of Stay (Days) 4.0 4.7 3.6 5.6	Census* (Patients) 94 13 23 21 28	on License Beds 37.49 12.69 19.49 28.69 47.59
	Skyridge Medical Center (Main Campus) Skyridge Medical Center Westside Athens Regional Medical Center (now SRMC Athens) Woods Memorial Hospital (now SRMC Etowah)	Bradley Bradley McMinn McMinn Monroe Polk	Beds 251 100 118 72	8,557 968 2,327 1,356	34,361 4,594 8,366 7,526	of Stay (Days) 4.0 4.7 3.6 5.6	Census* (Patients) 94 13 23	on License Beds 37.49 12.69 19.49 28.69 47.59
	Skyridge Medical Center (Main Campus) Skyridge Medical Center Westside Athens Regional Medical Center (now SRMC Athens) Woods Memorial Hospital (now SRMC Etowah) Sweetwater Hospital Association Copper Basin Medical Center SERVICE AREA TOTALS	Bradley Bradley McMinn McMinn Monroe Polk	Beds 251 100 118 72 59 25 625	8,557 968 2,327 1,356 2,268 902 16,378	34,361 4,594 8,366 7,526 10,251 4,308 69,406	of Stay (Days) 4.0 4.7 3.6 5.6 4.5 4.8	Census* (Patients) 94 13 23 21 28 12 190	on License Beds 37.49 12.69 19.49 28.69 47.59 47.19 30.39
	Skyridge Medical Center (Main Campus) Skyridge Medical Center Westside Athens Regional Medical Center (now SRMC Athens) Woods Memorial Hospital (now SRMC Etowah) Sweetwater Hospital Association Copper Basin Medical Center	Bradley Bradley McMinn McMinn Monroe Polk	Beds 251 100 118 72 59 25 625	8,557 968 2,327 1,356 2,268 902 16,378	34,361 4,594 8,366 7,526 10,251 4,308 69,406	of Stay (Days) 4.0 4.7 3.6 5.6 4.5 4.8	Census* (Patients) 94 13 23 21 28 12 190	on License Beds 37.44 12.66 19.44 28.66 47.55 47.11 30.39
ID State	Skyridge Medical Center (Main Campus) Skyridge Medical Center Westside Athens Regional Medical Center (now SRMC Athens) Woods Memorial Hospital (now SRMC Etowah) Sweetwater Hospital Association Copper Basin Medical Center SERVICE AREA TOTALS 2012 Joint Annual Reports of Hospital	Bradley Bradley McMinn McMinn Monroe Polk	Beds	8,557 968 2,327 1,356 2,268 902 16,378 Minn Hos	34,361 4,594 8,366 7,526 10,251 4,308 69,406	of Stay (Days) 4.0 4.7 3.6 5.6 4.5 4.8 4.2 tems Cor Avg Length of Stay	Census* (Patients) 94 13 23 21 28 12 190 asolidate Avg Daily Census*	on License Beds 37.49 12.69 19.49 28.69 47.59 47.19 30.39
ID	Skyridge Medical Center (Main Campus) Skyridge Medical Center Westside Athens Regional Medical Center (now SRMC Athens) Woods Memorial Hospital (now SRMC Etowah) Sweetwater Hospital Association Copper Basin Medical Center SERVICE AREA TOTALS 2012 Joint Annual Reports of Hospital Facility Name	Bradley Bradley McMinn McMinn Monroe Polk IsBradle	Beds 251 100 118 72 59 25 625 ey and Mc Licensed Beds	8,557 968 2,327 1,356 2,268 902 16,378 Minn Hos	34,361 4,594 8,366 7,526 10,251 4,308 69,406 pital Sys	of Stay (Days) 4.0 4.7 3.6 5.6 4.5 4.8 4.2 tems Cor Avg Length of Stay (Days)	Census* (Patients) 94 13 23 21 28 12 190 Avg Daily Census* (Patients)	on License Beds 37.49 12.69 19.49 28.69 47.59 47.19 30.39
ID State	Skyridge Medical Center (Main Campus) Skyridge Medical Center Westside Athens Regional Medical Center (now SRMC Athens) Woods Memorial Hospital (now SRMC Etowah) Sweetwater Hospital Association Copper Basin Medical Center SERVICE AREA TOTALS 2012 Joint Annual Reports of Hospital Facility Name Skyridge Medical Center (Main Campus)	Bradley Bradley McMinn McMinn Monroe Polk IsBradle County Bradley	Beds	8,557 968 2,327 1,356 2,268 902 16,378 Minn Hos Admissions 8,557	34,361 4,594 8,366 7,526 10,251 4,308 69,406 spital Sys	of Stay (Days) 4.0 4.7 3.6 5.6 4.5 4.8 4.2 tems Cor Avg Length of Stay (Days) 4.0	Census* (Patients) 94 13 23 21 28 12 190 Avg Daily Census* (Patients) 94	on License Beds 37.49 12.66 19.49 28.69 47.59 47.19 30.39
ID State	Skyridge Medical Center (Main Campus) Skyridge Medical Center Westside Athens Regional Medical Center (now SRMC Athens) Woods Memorial Hospital (now SRMC Etowah) Sweetwater Hospital Association Copper Basin Medical Center SERVICE AREA TOTALS 2012 Joint Annual Reports of Hospital Facility Name Skyridge Medical Center (Main Campus) Skyridge Medical Center Westside	Bradley Bradley McMinn McMinn Monroe Polk IsBradle County Bradley Bradley	Beds	8,557 968 2,327 1,356 2,268 902 16,378 Minn Hos Admissions 8,557 968	34,361 4,594 8,366 7,526 10,251 4,308 69,406 spital Sys Days 34,361 4,594	of Stay (Days) 4.0 4.7 3.6 5.6 4.5 4.8 4.2 tems Cor Avg Length of Stay (Days) 4.0 4.7	Census* (Patients) 94 13 23 21 28 12 190 Avg Daily Census* (Patients) 94 13	on License Beds 37.44 12.64 19.44 28.66 47.54 47.14 30.39 d Occupanc on License Beds 37.44 12.66
ID State	Skyridge Medical Center (Main Campus) Skyridge Medical Center Westside Athens Regional Medical Center (now SRMC Athens) Woods Memorial Hospital (now SRMC Etowah) Sweetwater Hospital Association Copper Basin Medical Center SERVICE AREA TOTALS 2012 Joint Annual Reports of Hospital Facility Name Skyridge Medical Center (Main Campus)	Bradley Bradley McMinn McMinn Monroe Polk IsBradle County Bradley Bradley	Beds	8,557 968 2,327 1,356 2,268 902 16,378 Minn Hos Admissions 8,557	34,361 4,594 8,366 7,526 10,251 4,308 69,406 spital Sys	of Stay (Days) 4.0 4.7 3.6 5.6 4.5 4.8 4.2 tems Cor Avg Length of Stay (Days) 4.0	Census* (Patients) 94 13 23 21 28 12 190 Avg Daily Census* (Patients) 94 13	on License Beds 37.44 12.64 19.44 28.64 47.55 47.14 30.39
ID State	Skyridge Medical Center (Main Campus) Skyridge Medical Center Westside Athens Regional Medical Center (now SRMC Athens) Woods Memorial Hospital (now SRMC Etowah) Sweetwater Hospital Association Copper Basin Medical Center SERVICE AREA TOTALS 2012 Joint Annual Reports of Hospital Facility Name Skyridge Medical Center (Main Campus) Skyridge Medical Center Westside Skyridge Combined Campuses	Bradley Bradley McMinn McMinn Monroe Polk IsBradle County Bradley Bradley	Beds	8,557 968 2,327 1,356 2,268 902 16,378 Minn Hos Admissions 8,557 968 9,525	34,361 4,594 8,366 7,526 10,251 4,308 69,406 spital Sys Days 34,361 4,594 38,955	of Stay (Days) 4.0 4.7 3.6 5.6 4.5 4.8 4.2 tems Cor Avg Length of Stay (Days) 4.0 4.7 4.1	Census* (Patients) 94 13 23 21 28 12 190 Avg Daily Census* (Patients) 94 13 106	on License Beds 37.49 12.69 19.49 28.69 47.59 47.11 30.39 d Occupancion License Beds 37.49 12.69 30.3%
ID State	Skyridge Medical Center (Main Campus) Skyridge Medical Center Westside Athens Regional Medical Center (now SRMC Athens) Woods Memorial Hospital (now SRMC Etowah) Sweetwater Hospital Association Copper Basin Medical Center SERVICE AREA TOTALS 2012 Joint Annual Reports of Hospital Facility Name Skyridge Medical Center (Main Campus) Skyridge Medical Center Westside	Bradley Bradley McMinn McMinn Monroe Polk IsBradle County Bradley Bradley	Beds 251 100 118 72 59 25 625 ey and Mc Licensed Beds 251 100 351	8,557 968 2,327 1,356 2,268 902 16,378 Minn Hos Admissions 8,557 968 9,525	34,361 4,594 8,366 7,526 10,251 4,308 69,406 spital Sys Days 34,361 4,594 38,955	of Stay (Days) 4.0 4.7 3.6 5.6 4.5 4.8 4.2 tems Cor Avg Length of Stay (Days) 4.0 4.7 4.1	Census* (Patients) 94 13 23 21 28 12 190 Avg Daily Census* (Patients) 94 13	on Licenses Beds 37.49 12.69 19.49 28.69 47.59 47.19 30.39 d Occupancy on Licenses Beds 37.49 12.69 30.3%

Source: TDH Joint Annual Reports. *Asterisk denotes leap year for 2012. ADC rounded to whole numbers.

Note: Starr Regional Medical Center in CY2014 has a consolidated license for the former Athens Regional and Woods Memorial campuses.

	Table Fourteen: Licensed Psychiatric		0-2013			·······································	00111001	, ii ou
	2010 Joint Annual Reports of Hospita	ls					V	
State ID	Facility Name	County	Licensed Psychiatric Beds	Admissions	Days	Avg Length of Stay (Days)	Avg Daily Census (Patients)	Occupano on License Beds
	Skyridge Medical Center Westside Woods Memorial Hospital (now SRMC Etowah)	Bradley McMinn	30		3,792 2,191	4.6 11.2	10,4	1,51,51,71,71
	SERVICE AREA TOTALS		40		5,983		16.4	41.0
// Jose	Book is the state of the state	THE CONTRACTOR		S. E. Processon	West State		THE WELL	海海 加热
	2011 Joint Annual Reports of Hospita	ls						
State ID	Facility Name	County	Licensed Psychiatric Beds	Admissions	Days	Avg Length of Stay (Days)	Avg Daily Census (Patients)	Occupancy on License Beds
10	Skyridge Medical Center Westside	Bradley	30		3,867	(Days) 4.5	10.6	
	Woods Memorial Hospital (now SRMC Etowah)	McMinn	10		2,338	12.4	6.4	
	SERVICE AREA TOTALS		40	1,042	6,205	6.0	17.0	42.59
of Sil		10.4728.4	CHILD CATALOG		5.74 TOP		の対象の重要	
	2012 Joint Annual Reports of Hospita	ls						
State ID	Facility Name	County	Licensed Psychiatric Beds	Admissions	Days	Avg Length of Stay (Days)	Avg Daily Census (Patients)	Occupanc on License Beds
	Skyridge Medical Center Westside	Bradley	30		4,594	4.7	12.6	
	Woods Memorial Hospital (now SRMC Etowah)	McMinn	10		2,253	11.7	6.2	-
COSTONERS.	SERVICE AREA TOTALS	DEALERS WELKIN	40	1,161	6,847	5.9	18.7	46.8%
# Confe	2013 Preliminary Utilization Data for J	oint Annı	ual Report	ts of Hosp	itals			MINISTRUMENTAL SE
	,		Licensed Psychiatric			Avg Length of Stay	Avg Daily Census	Occupancy on License
State ID	Facility Name Skyridge Medical Center Westside	County Bradley	Beds 30	Admissions NR	Days NR	(Days) NR	(Patients) NR	Beds N

Source: TDH Joint Annual Reports. *Asterisk denotes leap year for 2012. ADC rounded to whole numbers.

Note: Starr Regional Medical Center in CY2014 has a consolidated license for the former Athens Regional and Woods Memorial campuses.

PROVIDE APPLICABLE UTILIZATION AND/OR OCCUPANCY C(I).6.STATISTICS FOR YOUR INSTITUTION FOR EACH OF THE PAST THREE (3) YEARS AND THE PROJECTED ANNUAL UTILIZATION FOR EACH OF THE TWO (2) YEARS FOLLOWING COMPLETION \mathbf{OF} THE PROJECT. THE **DETAILS** REGARDING ADDITIONALLY, **PROVIDE** THE **PROJECT** UTILIZATION. USED METHODOLOGY TO METHODOLOGY MUST INCLUDE DETAILED CALCULATIONS OR DOCUMENTATION FROM REFERRAL SOURCES, AND IDENTIFICATION OF ALL ASSUMPTIONS.

Tables Sixteen-A and -B on the following two pages provide historic and projected inpatient bed utilization CY2011-CY2017 for SRMC--Etowah's acute care beds of all types, including its 10-bed geropsychiatric unit. Table Fifteen below excerpts from that table the utilization for only the psychiatric unit.

With the pending expansion of admitting physician coverage from three weekdays each week to five weekdays each week, the applicant projects a 10% annual increase of admissions from CY2013 through CY2015. Then admissions growth is projected to slow to 5% annually for the next two years, through CY2017. ALOS is held at 11.0 days in the projections, which is less than the 11.4 Day ALOS at this unit over the last three years. The TDH reported to the applicant that in CY2011 (last period then available) the Statewide average ALOS for admissions of patients 65+ years of age was 12.3 days.

Table Fifteen: Historical and Projected Utilization Starr Regional Medical Center Geropsychiatric Unit CY2010-CY2017							
		Admissions /	Average Daily	Patient Days	Average Annual		
Year	Beds	Patient Days	Census	of Capacity	Occupancy		
CY2011	10	189 / 2,338	6.4	3,650	64.1%		
CY2012*	10	193 / 2,253	6.2	3,660	61.6%		
CY2013	10	240 / 2,404	6.6	3,650	65.9%		
CY2014	10	264 / 2,904	8.0	3,650	79.6%		
CY2015	12	290 / 3,190	8.7	4,380	72.8%		
CY2016*Yr 1	14	305 / 3,355	9.2	5,124	65.5%		
CY2017 Yr 2	14	320 / 3,520	9.6	5,110	68.9%		

Source: Table Sixteen. Asterisks denote leap years of 366 days.

SUPPLEMENTAL

Table Sixteen-A: Woods Memorial Hospital / Starr Regional Medical Center Etowah Utilization of Licensed Beds, CY 2011-CY2013

	Actual 2011	Actual 2012*	Actual 2013
Total Beds	72	72	72
Admissions	1,565	1,402	1,212
Patient Days	8,374	6,859	5,955
ALOS on Admissions	5.4	5	5
ADC on Admissions	22.9	18.7	16.3
Occupancy on Admissions	31.9%	26.0%	22.7%
23-Hour Observation Days	644	330	668
Total Bed Days	9,018	7,189	6,623
Total ADC	24.7	19.6	18.1
Total Occupancy	34.3%	27.3%	25.2%
		学生和生物,因此不多的	March Shares
Medical-Surgical Beds	54	54	54
Admissions	1,014	888	835
Patient Days	5,039	3,874	2,737
ALOS on Admissions	5.0	4.4	3.3
ADC on Admissions	13.8	10.6	7.5
Occupancy on Admissions	25.6%	19.6%	13.9%
23-Hour Observation Days	644	330	630
Total Bed Days	5,683	4,204	3,367
Total ADC	15.6	11.5	9.2
Total Occupancy	28.8%	21.3%	17.1%
Kata Salah Bandaran			
CU-CCU Beds	8	8	8
Admissions	362	321	137
Patient Days	997	732	814
ALOS on Admissions	2.8	2.3	5.9
ADC on Admissions	2.7	2.0	2.2
Occupancy on Admissions	34.1%	25.1%	27.9%
23-Hour Observation Days			38
Total Bed Days	997	732	852
Total ADC	2.7	2.0	2.3
Total Occupancy	34.1%	25.0%	29.2%
Psychiatric Beds	10	10	10
Admissions	189	193	240
Patient Days	2,338	2,253	2,404
ALOS on Admissions	12.4	11.7	10.0
ADC on Admissions	6.4	6.2	6.6
Occupancy on Admissions	64.1%	61.6%	65.9%
23-Hour Observation Days	0		
Total Bed Days	2,338	2,253	2,404
Total ADC	6.4	6.2	6.6
Total Occupancy	64.1%	61.6%	65.9%
	Company of the Compan	THE RESERVE OF THE PARTY OF THE	Charles and the second

Source: TDH Joint Annual Reports and hospital records.

*Asterisk denotes leap year for 2012.

Table Sixteen-B: Starr Regional Medical Center Etowah Projected Utilization of Licensed Beds, CY 2014 - CY 2017 REVISED SUPPLEMENTAL 4 Bed Conversion

4 Bea Co			
		Year One	Year Two
Proj. 2014	Proj. 2015	Proj. 2016*	Proj. 2017
72	72	72	72
653	290	305	320
4,331	3,190	3,355	3,520
6.6	11.0	11	11
11.9	8.7	9.2	9.6
16.5%	12.1%	12.7%	13.4%
267	0	0	0
4,598	3,190	3,355	3,520
12.6	8.7	9.2	9.6
17.5%	12.1%	12.7%	13.4%
		医肾期腺素的	
54	52	50	50
334	0	0	0
1,102	0	0	0
3.3	0.0	0.0	0.0
3.0	0.0	0.0	0.0
5.6%	0.0%	0.0%	0.0%
252	0	0	0
1,354	0	0	0
3.7	0.0	0.0	0.0
6.9%	0.0%	0.0%	0.0%
指数的图像包含的			
8	8	8	8
55	0	0	0
325	0	0	0
5.9	0.0	0.0	0.0
0.9	0.0	0.0	0.0
11.1%	0.0%	0.0%	0.0%
15	0	0	0
340	0	0	0
0.9	0.0	0.0	0.0
11.6%	0.0%	0.0%	0.0%
是 建筑和 医原体 (1997)	网络风险建造线搬运货	是位16PX的1940	是共產黨的國際政治
10	12	14	14
264	290	305	320
2,904	3,190		3,520
11.0			11.0
			9.6
			68.9%
100 mm 100 mm			
	3,190	3,355	3,520
2.904	0,100		
2,904 8.0	8.7	9.2	9.6
	72 653 4,331 6.6 11.9 16.5% 267 4,598 12.6 17.5% 54 334 1,102 3.3 3.0 5.6% 252 1,354 3.7 6.9% 8 55 325 5.9 0.9 11.1% 15 340 0.9 11.6%	72 72 653 290 4,331 3,190 6.6 11.0 11.9 8.7 16.5% 12.1% 267 0 4,598 3,190 12.6 8.7 17.5% 12.1% 54 52 334 0 1,102 0 3.3 0.0 3.0 0.0 5.6% 0.0% 252 0 1,354 0 3.7 0.0 6.9% 0.0% 8 8 55 0 325 0 5.9 0.0 0.9 0.0 11.1% 0.0% 15 0 340 0 0.9 0.0 11.6% 0.0% 10 12 264 290 2,904 3,190 11.	72 72 72 653 290 305 4,331 3,190 3,355 6.6 11.0 11 11.9 8.7 9.2 16.5% 12.1% 12.7% 267 0 0 4,598 3,190 3,355 12.6 8.7 9.2 17.5% 12.1% 12.7% 54 52 50 334 0 0 1,102 0 0 3.3 0.0 0.0 3.0 0.0 0.0 3.3 0.0 0.0 3.7 0.0 0.0% 252 0 0 1,354 0 0 3.7 0.0 0.0 6.9% 0.0% 0.0% 325 0 0 5.9 0.0 0.0 0.9 0.0 0.0 15 0 0 <

Source: Hospital management projections. *Asterisk denotes leap year for 2012.

C(II)1. PROVIDE THE COST OF THE PROJECT BY COMPLETING THE PROJECT COSTS CHART ON THE FOLLOWING PAGE. JUSTIFY THE COST OF THE PROJECT.

- ALL PROJECTS SHOULD HAVE A PROJECT COST OF AT LEAST \$3,000 ON LINE F (MINIMUM CON FILING FEE). CON FILING FEE SHOULD BE CALCULATED ON LINE D.
- THE COST OF ANY LEASE (BUILDING, LAND, AND/OR EQUIPMENT) SHOULD BE BASED ON FAIR MARKET VALUE OR THE TOTAL AMOUNT OF THE LEASE PAYMENTS OVER THE INITIAL TERM OF THE LEASE, WHICHEVER IS GREATER. NOTE: THIS APPLIES TO ALL EQUIPMENT LEASES INCLUDING BY PROCEDURE OR "PER CLICK" ARRANGEMENTS. THE METHODOLOGY USED TO DETERMINE THE TOTAL LEASE COST FOR A "PER CLICK" ARRANGEMENT MUST INCLUDE, AT A MINIMUM, THE PROJECTED PROCEDURES, THE "PER CLICK" RATE AND THE TERM OF THE LEASE.
- THE COST FOR FIXED AND MOVEABLE EQUIPMENT INCLUDES, BUT IS NOT NECESSARILY LIMITED TO, MAINTENANCE AGREEMENTS COVERING THE EXPECTED USEFUL LIFE OF THE EQUIPMENT; FEDERAL, STATE, AND LOCAL TAXES AND OTHER GOVERNMENT ASSESSMENTS; AND INSTALLATION CHARGES, EXCLUDING CAPITAL EXPENDITURES FOR PHYSICAL PLANT RENOVATION OR IN-WALL SHIELDING, WHICH SHOULD BE INCLUDED UNDER CONSTRUCTION COSTS OR INCORPORATED IN A FACILITY LEASE.
- FOR PROJECTS THAT INCLUDE NEW CONSTRUCTION, MODIFICATION, AND/OR RENOVATION; DOCUMENTATION MUST BE PROVIDED FROM A CONTRACTOR AND/OR ARCHITECT THAT SUPPORT THE ESTIMATED CONSTRUCTION COSTS.

On the Project Costs Chart, all cost factors were estimated by the facility planning staff of LifePoint Hospitals, based on schematic architectural plans, discussions with the project architect, and current cost experience in other similar markets.

The architect's letter supporting the construction cost estimate is provided in Attachment C, Economic Feasibility--1.

PROJECT COSTS CHART -- STARR REGIONAL HOSPITAL GEROPSYCHIATRIC EXPANSION

A.	Construction and equipment acquired by purch	ase:		
	 Architectural and Engineering Fees Legal, Administrative, Consultant Fees (Exc.) Acquisition of Site Preparation of Site Construction Cost Contingency Fund Fixed Equipment (Not included in Construction Moveable Equipment (List all equipment over 9. Other (Specify) 	tion Contract)	\$	40,000 18,000 0 0 825,000 240,000 45,000 50,000
В.	Acquisition by gift, donation, or lease:			
	 Facility (inclusive of building and land) Building only Land only Equipment (Specify) Other (Specify) 			0 0 0 0
C.	Financing Costs and Fees:			
	 Interim Financing Underwriting Costs Reserve for One Year's Debt Service Other (Specify) 			61,050 0 0
D.	Estimated Project Cost (A+B+C)		-	1,279,050
E.	CON Filing Fee		3 	3,000
F.	Total Estimated Project Cost (D+E)	TOTAL	\$	1,282,050
		Actual Capital Cos Section B FMV	st	1,282,050 0

C(II).2. IDENTIFY THE FUNDING SOURCES FOR THIS PROJECT.

a. PLEASE CHECK THE APPLICABLE ITEM(S) BELOW AND BRIEFLY SUMMARIZE HOW THE PROJECT WILL BE FINANCED. (DOCUMENTATION FOR THE TYPE OF FUNDING MUST BE INSERTED AT THE END OF THE APPLICATION, IN THE CORRECT ALPHANUMERIC ORDER AND IDENTIFIED AS ATTACHMENT C, ECONOMIC FEASIBILITY-2).

A. Commercial Loan--Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;

B. Tax-Exempt Bonds--copy of preliminary resolution or a letter from the issuing authority, stating favorable contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;

____C. General Obligation Bonds--Copy of resolution from issuing authority or minutes from the appropriate meeting;

____D. Grants--Notification of Intent form for grant application or notice of grant award;

__x_E. Cash Reserves--Appropriate documentation from Chief Financial Officer; or

F. Other--Identify and document funding from all sources.

The project will be funded/financed by LifePoint Hospitals, the parent company of the applicant facility. Documentation of financing is provided in Attachment C, Economic Feasibility--2.

C(II).3. DISCUSS AND DOCUMENT THE REASONABLENESS OF THE PROPOSED PROJECT COSTS. IF APPLICABLE, COMPARE THE COST PER SQUARE FOOT OF CONSTRUCTION TO SIMILAR PROJECTS RECENTLY APPROVED BY THE HSDA.

The justification of costs was provided in an earlier section, which is repeated here:

Hospital construction projects approved by the HSDA in 2010-2012 had the following construction costs per SF:

Table Four (Repeated): Hospital Construction Cost PSF Years: 2010 – 2012				
	Renovated	New	Total	
	Construction	Construction	Construction	
1 st Quartile	\$99.12/sq ft	\$234.64/sq ft	\$167.99/sq ft	
Median	\$177.60/sq ft	\$259.66/sq ft	\$235.00/sq ft	
3 rd Quartile	\$249.00/sq ft	\$307.80/sq ft	\$274.63/sq ft	

Source: CON approved applications for years 2010 through 2012

The proposed project at Etowah is consistent with those cost ranges. Its overall \$133.50 PSF cost of construction, and its new construction cost PSF, are both below the 1st quartile of Statewide averages, as shown below. Its renovation is below the median.

Table Thre	ee (Repeated): Cons	struction Cost Factors	(Rounded)
	Renovated Construction	New Construction	Total Construction
Square Feet	5,201 SF	980 SF	6,181 SF
Construction Cost	\$677,950	\$147,050	\$825,000
Constr. Cost PSF	\$130.35 PSF	\$150.05	\$133.50

C(II).4. COMPLETE HISTORICAL AND PROJECTED DATA CHARTS ON THE FOLLOWING TWO PAGES--DO NOT MODIFY THE CHARTS PROVIDED OR SUBMIT CHART SUBSTITUTIONS. HISTORICAL DATA CHART REPRESENTS REVENUE AND EXPENSE INFORMATION FOR THE LAST THREE (3) YEARS FOR WHICH COMPLETE DATA IS AVAILABLE FOR THE INSTITUTION. PROJECTED DATA CHART REQUESTS INFORMATION FOR THE TWO YEARS FOLLOWING COMPLETION OF THIS PROPOSAL. PROJECTED DATA CHART SHOULD INCLUDE REVENUE AND EXPENSE PROJECTIONS FOR THE PROPOSAL ONLY (I.E., APPLICATION ADDITIONAL THE IS FOR BEDS. INCLUDE ANTICIPATED REVENUE FROM THE PROPOSED BEDS ONLY, NOT FROM ALL BEDS IN THE FACILITY).

See the following pages for these charts, with notes where applicable.

On both the Historical Data and Projected Data Charts, the fees paid to affiliates are the normal payments to LifePoint Hospitals for various centralized support services. The fees paid to non-affiliates are entirely fees paid to Horizon Health, the management company for the geropsychiatric unit. Those fees were reduced through negotiation in 2011-2013; and they will be further reduced to the flat fees shown in the Projected Data Chart. The Horizon fees include compensation paid to on-site management staff and to the Medical Director.

In the notes to the Historic Data Chart, there are some credits listed as miscellaneous revenues. The largest is a Medicare payment in support of conversion to electronic medical records.

HISTORICAL DATA CHART -- STARR REGIONAL MEDICAL CENTER

Give information for the last three (3) years for which complete data are available for the facility or agency. The fiscal year begins in January.

The	fiscal	year begins in January.			01/0.044		01/004.0		0\\0.01.0
					CY2011		CY2012		CY2013
			Admissions	-	3909	-	3672	7	3,533
A.	Utili	zation Data	Patient Days	_	17,167	_	15,775	-	14,703
В.	Rev	enue from Services to Patients							
	1.	Inpatient Services		\$_	68,046,402	_	79,125,119	-	78,837,543
	2.	Outpatient Services			156,162,184	-	163,694,012	-	180,271,920
	3.	Emergency Services		_		-		_	0
	4.	Other Operating Revenue		-	384,082	2	377,146	-	327,086
		(Specify) See notes page							0
			Gross Operating Revenue	\$_	224,592,668	\$_	243,196,277	\$_	259,436,549
C.	Ded	uctions for Operating Revenue							
	1.	Contractual Adjustments		\$_	149,096,749	\$ _	165,240,629	_	180,385,714
	2.	Provision for Charity Care			1,327,376		1,249,434	-	1,385,332
	3.	Provisions for Bad Debt		_	9,929,194	_	10,744,844	_	14,838,336
			Total Deductions	\$_	160,353,319	\$	177,234,907	\$_	196,609,382
NET	OPER	ATING REVENUE		\$_	64,239,349	\$_	65,961,370	\$_	62,827,167
D.	Ope	rating Expenses							
	1.	Salaries and Wages		\$_	23,240,910	_	24,335,977		22,394,273
	2.	Physicians Salaries and Wages		-	147,692	-	0		0
	3.	Supplies		100	9,078,376		9,608,479		8,509,847
	4.	Taxes			2,405,790		3,640,707		4,393,462
	5.	Depreciation			2,812,217	2	3,233,831		4,087,664
	6.	Rent			499,743		374,697		286,752
	7.	Interest, other than Capital			4,287,292		4,476,625		4,610,371
	8.	Management Fees				_			
		a. Fees to Affiliates		72	1,815,588		2,213,400	(E	2,851,344
		b. Fees to Non-Affiliates			626,696	2	693,324		532,937
	9.	Other Expenses (Specify)	See notes page		16,234,144		17,385,418		16,722,371
			Total Operating Expenses	\$_	61,148,448	\$	65,962,458		64,389,020
E.	Oth	er Revenue (Expenses) Net (Sp	pecify)	\$	742,556	\$	2,180,127	\$_	2,587,865
NET	OPER	ATING INCOME (LOSS)		\$	3,833,457	\$	2,179,039	\$	1,026,011
F.	Сар	ital Expenditures							
	1.	Retirement of Principal		\$	417,153	\$	402,264	\$_	270,891
	2.	Interest		15	37,353		94,746	8.	75,298
			Total Capital Expenditures	\$	454,506	\$	497,010	\$	346,189
NET	OPER	RATING INCOME (LOSS)	•	_					
		ITAL EXPENDITURES		\$	3,378,951	\$	1,682,029	\$	679,822
				=		=		=	

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HISTORICAL DATA CHART -- SRMC GEROPSYCHIATRIC UNIT @ 10 BEDS

Give information for the last three (3) years for which complete data are available for the facility or agency. The fiscal year begins in January.

THE	HSCar	year begins in January.	Admissions		CY2011 189		CY2012 193		CY2013 240
Α.	Utili	zation Data	Patient Days	-	2,338	-	2,253	_	2,404
В.		enue from Services to Patients		-				-	
ъ.	1.	Inpatient Services		\$	3,302,694		3,436,031		3,453,763
	2.	Outpatient Services				-		-	
	3.	Emergency Services		-				_	0
	4.	Other Operating Revenue		_				_	
		(Specify) See notes page		-					0
			Gross Operating Revenue	\$	3,302,694	\$	3,436,031	\$	3,453,763
C.	Ded	uctions for Operating Revenue							
	1.	Contractual Adjustments		\$	1,166,406		1,253,367		1,625,651
	2.	Provision for Charity Care						_	
	3.	Provisions for Bad Debt							
			Total Deductions	\$	1,166,406		1,253,367		1,625,651
NET	OPER	ATING REVENUE		\$	2,136,288		2,182,664	_	1,828,112
D.	Ope	rating Expenses							
	1.	Salaries and Wages		\$	654,731	_	687,737		665,240
	2.	Physicians Salaries and Wages						_	
	3.	Supplies			19,091	_	11,626	_	12,607
	4.	Taxes			4,932		9,580	_	5,206
	5.	Depreciation			73,549		84,601	_	89,479
	6.	Rent		_	113	_		_	672
	7.	Interest, other than Capital			40,245	_	17,963	_	3,817
	8.	Management Fees		_					
		a. Fees to Affiliates		_		_		_	
		b. Fees to Non-Affiliates			626,696	-	693,324	_	532,937
	9.	Other Expenses (Specify)	See notes page		179,796		134,488		18,867
			Total Operating Expenses	\$	1,599,154	\$	1,639,319	-	1,328,825
E.	Oth	er Revenue (Expenses) Net (Sp	pecify)	\$		\$		\$_	
NET	OPER	ATING INCOME (LOSS)		\$	537,134	\$	543,345	\$	499,287
F.	Cap	ital Expenditures							
	1.	Retirement of Principal		\$		\$		\$_	
	2.	Interest		_					
			Total Capital Expenditures	\$		\$		\$_	
NE7	OPER	ATING INCOME (LOSS)							
LES	S CAP	ITAL EXPENDITURES		\$	537,134	\$	543,345	\$_	499,287

HISTORIC DATA CHART DETAIL OF D.9, OTHER EXPENSES

Expense Category	CY2011	CY2012	CY2013
Other Expenses			
LEGAL AND ACCOUNTING SERVICES	\$7,148.00	\$31,992.69	\$195,426.06
MARKETING EXPENSES	\$160,464.00	\$132,671.61	\$118,557.32
POSTAGE AND TRANSPORTATION	\$83,037.00	\$94,373.09	\$104,370.00
TRAVEL AND ENTERTAINMENT	\$68,195.00	\$121,974.42	\$126,826.12
DUES AND SUBSCRIPTIONS	\$65,279.00	\$142,711.36	\$219,642.29
EDUCATION AND DEVELOPEMENT	\$679,267.00	\$50,799.81	\$48,885.60
PHYSICIAN RECRUITMENT		\$239,393.67	\$86,537.17
OPER EXP-OTHER	\$573,844.00	\$433,666.00	\$140,335.98
Loss on sale of assets			\$891.26
BENEFITS	\$4,509,636.08	\$5,627,425.00	\$5,043,219.00
PROFESSIONAL FEES	\$1,712,111.00	\$2,189,393.00	\$2,892,543.00
CONTRACT SERVICES	\$4,944,396.00	\$4,515,705.00	\$4,184,855.00
REPAIRS AND MAINTENANCE	\$1,564,992.00	\$1,864,989.00	\$1,698,115.00
UTILITIES	\$1,399,930.00	\$1,446,089.00	\$1,393,461.00
INSURANCE	\$465,844.71	\$494,234.00	\$468,706.00
Total	\$16,234,143.79	\$17,385,417.65	\$16,722,370.80

DETAIL OF OTHER REVENUE CREDITS

Credit / Revenue Category	CY2011	CY2012	CY2013
Interest Income	-\$1,297.00	-\$1,461.80	-\$1,778.90
Divident income	-\$501,627.00	-\$1,629,145.00	-\$2,578,453.00
Gain on Sale of Assets	-\$8,908.00	-\$48,107.90	
Gain on Sale of Home Health	-\$230,724.00		
Gain on Sale of Dialysis		-\$501,412.00	
Other Income and expense			-\$7,632.68
Total	-\$742,556.00	-\$2,180,126.70	-\$2,587,864.58

PROJECTED DATA CHART-- SRMC ETOWAH GEROPSYCHIATRIC UNIT @ 14 BEDS

Give information for the two (2) years following the completion of this proposal.

The fiscal year begins in ____ (Month).

					CY 2016		CY 2017
			Admissions		305		320
Α.	Utili	zation Data	Patient Days	-	3,355	_	3,520
В.	Reve	enue from Services to Patients		-		_	
	1.	Inpatient Services		\$	6,893,771	\$	7,689,380
	2.	Outpatient Services					
	3.	Emergency Services				-	*
	4.	Other Operating Revenue (Spec	cify) See notes page				
			Gross Operating Revenue	\$	6,893,771	\$	7,689,380
C.	Ded	uctions for Operating Revenue				_	
	1.	Contractual Adjustments		\$	4,177,636	\$	4,835,099
	2.	Provision for Charity Care			68,938		76,894
	3.	Provisions for Bad Debt	estimated	-	30,000	-	30,000
			Total Deductions	\$	4,276,574	\$	4,941,993
NET	OPER	ATING REVENUE		\$	2,617,197	\$	2,747,387
D.	Ope	rating Expenses				-	
	1.	Salaries and Wages		\$	980,945	\$	1,029,188
	2.	Physicians Salaries and Wages		-	0	,	0
	3.	Supplies		_	20,393	-	21,412
	4.	Taxes		-	5,206		5,206
	5.	Depreciation		-	89,479	***	89,479
	6.	Rent		-	66	-	69
	7.	Interest, other than Capital	*6.7% of net rev	-	175,352	-	184,075
	8.	Management Fees				-	
		a. Fees to Affiliates			114,152		114,152
		b. Fees to Non-Affiliates		-	425,000		425,000
	9.	Other Expenses (Specify)	See notes page	-	187,716	-	196,458
		Portion of Utilities, & SMS		-	35,767		35,767
			Total Operating Expenses	\$	2,034,077	\$	2,100,806
E.	Othe	er Revenue (Expenses) Net (Sp		\$		\$	
NET	OPER.	ATING INCOME (LOSS)	• .	\$	583,121	\$	646,581
F.		tal Expenditures		-		_	
	1.	Retirement of Principal		\$			
	2.	Interest		_			
			Total Capital Expenditures	\$		-	<u></u>
NET	OPER.	ATING INCOME (LOSS)		-		5 53	
		TAL EXPENDITURES		\$	583,121	\$	646,581
					7 - 21 - 21		0.0,001

PROJECTED DATA CHART DETAIL OF D.9, OTHER EXPENSES

Expense Category	CY2016	CY2017
Salaries and Wages	\$980,945	\$1,029,188
Benefits	\$130,221	\$136,626
Supplies	\$20,393	\$21,412
Professional Fees	\$0	\$0
Contract Services	\$425,000	\$425,000
Repairs and Maintenance	\$1,674	\$1,758
Rents and Leases	\$66	\$69
Utilities	\$0	\$0
Insurance	\$0	\$0
Investment Income	\$0	\$0
Taxes	\$0	\$0
Other Operating Expense	\$201	\$211
Food Expense	\$45,620	\$47,863
Marketing Expense	\$10,000	\$10,000
Total	\$187,716	\$196,458

C(II).5. PLEASE IDENTIFY THE PROJECT'S AVERAGE GROSS CHARGE, AVERAGE DEDUCTION FROM OPERATING REVENUE, AND AVERAGE NET CHARGE.

Table Seventeen: Average Charges, Deduction Income	s, Net Charges, I	Net Operating
	CY2016	CY2017
Patient Days	3,355	3,520
Admissions or Discharges	305	320
Average Gross Charge Per Day	\$2,055	\$2,184
Average Gross Charge Per Admission	\$22,603	\$24,029
Average Deduction from Operating Revenue per Day	\$1,275	\$1,404
Average Deduction from Operating Revenue per Admission	\$14,022	\$15,444
Average Net Charge (Net Operating Revenue) Per Day	\$780	\$781
Average Net Charge (Net Operating Revenue) Per Admission	\$8,581	\$8,586
Average Net Operating Income after Expenses, Per Day	\$174	\$184
Average Net Operating Income after Expenses, Per Admission	\$1,912	\$2,021

Source: Projected Data Chart

C(II).6.A. PLEASE PROVIDE THE CURRENT AND PROPOSED CHARGE SCHEDULES FOR THE PROPOSAL. DISCUSS ANY ADJUSTMENT TO CURRENT CHARGES THAT WILL RESULT FROM THE IMPLEMENTATION OF THE PROPOSAL. ADDITIONALLY, DESCRIBE THE ANTICIPATED REVENUE FROM THE PROPOSED PROJECT AND THE IMPACT ON EXISTING PATIENT CHARGES.

The project will not cause an increase in charges beyond what the normal annual charge adjustment would be. The capital investment required for the project is very small. The response to C(II).6.B on the following page provides current and proposed charge information for the unit. Charges in this service are not particularly relevant because almost all of the unit's services will be reimbursed at whatever levels are set by Medicare.

C(II).6.B. COMPARE THE PROPOSED CHARGES TO THOSE OF SIMILAR FACILITIES IN THE SERVICE AREA/ADJOINING SERVICE AREAS, OR TO PROPOSED CHARGES OF PROJECTS RECENTLY APPROVED BY THE HSDA. IF APPLICABLE, COMPARE THE PROJECTED CHARGES OF THE PROJECT TO THE CURRENT MEDICARE ALLOWABLE FEE SCHEDULE BY COMMON PROCEDURE TERMINOLOGY (CPT) CODE(S).

The projected average gross charges for this project are comparable to the average gross charges for the only other adult psychiatric inpatient unit in the service area. in CY2012, the most recent year for which JAR data is available, SRMC--Etowah's average gross charge per day was 30% lower than Skyridge's. SRMC's average gross charge per admission was higher than Skyridge's, primarily because SRMC served the 65+ patients who required a much longer stay in the hospital (11.7 days), whereas Skyridge's patient population was predominantly 18-64 years of age, with only a 4.8 day length of stay.

T			ative Gross C sychiatric In			ea
		Patient	Gross IP	Average Gross Charge Per	Average Gross Charge Per	Average Length of
Provider	Admissions	Days	Charges	Day	Admission	Stay
Skyridge MC West	968	4,594	\$12,302,726	\$2,678	\$12,709	4.8 days
Starr RMC Etowah	193	2,253	\$4,197,225	\$1,863	\$21,747	11.7 days

Source: TDH Joint Annual Reports of Hospitals, 2012.

The following page contains a table showing the most frequent DRG's admitted to the SRMC geropsychiatric program, with their current average charges, their current levels of Medicare reimbursement, and their projected Years One and Two average gross charges.

Table Nineteen: Starr Regional Medical CenterEtowah Charge Data for Most Frequent Admissions DRG'sGeropsychiatric Unit					
			Average Gross Charge		
DRG	Descriptor	Current Medicare Allowable	Current	Year 1	Year 2
884	ORGANIC DISTURBANCES & MENTAL RETARDATION	\$9,686.73	\$23,376.98	\$23,376.98	\$23,376.98
885	PSYCHOSES	\$5,305.72	\$16,960.31	\$16,960.31	\$16,960.31
57	DEGENERATIVE NERVOUS SYSTEM DISORDERS W/O MCC	\$8,155.64	\$19,402.24	\$19,402.24	\$19,402.24
881	DEPRESSIVE NEUROSES	\$4,260.63	\$15,244.30	\$15,244.30	\$15,244.30
880	ACUTE ADJUSTMENT REACTION & PSYCHOSOCIAL DYSFUNCTION	\$2,766.50	\$5,748.56	\$5,748.56	\$5,748.56
886	BEHAVIORAL & DEVELOPMENTAL DISORDERS	\$3,697.98	\$11,554.04	\$11,554.04	\$11,554.04
896	DEPENDENCE W/O REHABILITATION THERAPY	\$1,498.71	\$3,418.20	\$3,418.20	\$3,418.20
897	DEPENDENCE W/O REHABILITATION THERAPY	\$4,899.63	\$14,163.99	\$14,163.99	\$14,163.99

Source: Hospital Management, Charge increases are not projected at this time.

C(II).7. DISCUSS HOW PROJECTED UTILIZATION RATES WILL BE SUFFICIENT TO MAINTAIN COST-EFFECTIVENESS.

The utilization increases reasonably projected for the unit will ensure that it continues to operate cost-effectively.

C(II).8. DISCUSS HOW FINANCIAL VIABILITY WILL BE ENSURED WITHIN TWO YEARS; AND DEMONSTRATE THE AVAILABILITY OF SUFFICIENT CASH FLOW UNTIL FINANCIAL VIABILITY IS MAINTAINED.

This is an existing program with a modest positive operating margin. It will continue to operate with a positive margin as census increases in response to availability of improved medical coverage and availability of additional inpatient beds.

C(II).9. DISCUSS THE PROJECT'S PARTICIPATION IN STATE AND FEDERAL REVENUE PROGRAMS, INCLUDING A DESCRIPTION OF THE EXTENT TO WHICH MEDICARE, TENNCARE/MEDICAID, AND MEDICALLY INDIGENT PATIENTS WILL BE SERVED BY THE PROJECT. IN ADDITION, REPORT THE ESTIMATED DOLLAR AMOUNT OF REVENUE AND PERCENTAGE OF TOTAL PROJECT REVENUE ANTICIPATED FROM EACH OF TENNCARE, MEDICARE, OR OTHER STATE AND FEDERAL SOURCES FOR THE PROPOSAL'S FIRST YEAR OF OPERATION.

As a geropsychiatric unit focusing almost entirely on Medicare-age patients, almost all of the payor mix will consist of Medicare and managed Medicare revenues. The percentages below are for the psychiatric unit over the past 17 months. This mix is projected to remain approximately the same in the near future.

Table Twenty: Medicar	re and TennCare/Medic	caid Revenues, Year One
•	Medicare	TennCare/Medicaid
Gross Revenue	\$6,799,326	\$42,741
Percent of Gross Revenue	98.63%	0.62%%

C(II).10. PROVIDE COPIES OF THE BALANCE SHEET AND INCOME STATEMENT FROM THE MOST RECENT REPORTING PERIOD OF THE INSTITUTION, AND THE MOST RECENT AUDITED FINANCIAL STATEMENTS WITH ACCOMPANYING NOTES, IF APPLICABLE. FOR NEW PROJECTS, PROVIDE FINANCIAL INFORMATION FOR THE CORPORATION, PARTNERSHIP, OR PRINCIPAL PARTIES INVOLVED WITH THE PROJECT. COPIES MUST BE INSERTED AT THE END OF THE APPLICATION, IN THE CORRECT ALPHANUMERIC ORDER AND LABELED AS ATTACHMENT C, ECONOMIC FEASIBILITY--10.

These are provided as Attachment C, Economic Feasibility-10.

C(II)11. DESCRIBE ALL ALTERNATIVES TO THIS PROJECT WHICH WERE CONSIDERED AND DISCUSS THE ADVANTAGES AND DISADVANTAGES OF EACH ALTERNATIVE, INCLUDING BUT NOT LIMITED TO:

A. A DISCUSSION REGARDING THE AVAILABILITY OF LESS COSTLY, MORE EFFECTIVE, AND/OR MORE EFFICIENT ALTERNATIVE METHODS OF PROVIDING THE BENEFITS INTENDED BY THE PROPOSAL. IF DEVELOPMENT OF SUCH ALTERNATIVES IS NOT PRACTICABLE, THE APPLICANT SHOULD JUSTIFY WHY NOT, INCLUDING REASONS AS TO WHY THEY WERE REJECTED.

B. THE APPLICANT SHOULD DOCUMENT THAT CONSIDERATION HAS BEEN GIVEN TO ALTERNATIVES TO NEW CONSTRUCTION, E.G., MODERNIZATION OR SHARING ARRANGEMENTS. IT SHOULD BE DOCUMENTED THAT SUPERIOR ALTERNATIVES HAVE BEEN IMPLEMENTED TO THE MAXIMUM EXTENT PRACTICABLE.

Maintaining the status quo at 10 beds was rejected because SRMC--Etowah is the only provider of significant levels of geropsychiatric care in this rural five county area' and its admissions peaks over 80% occupancy are now so frequent that, in CY2014, the unit will begin turning away admissions for lack of bed space.

A four-bed expansion was chosen instead of two beds, because the hospital needs to be assured of having sufficient beds to meet demand for at least four more years beyond CY2015. As the graph in B.II.C showed, even the CY2013 levels of utilization (which will increase as medical coverage increases) had many peaks in which census would have exceeded 80% occupancy on a twelve-bed unit.

Renovation of existing space is being proposed to the maximum extent for this project; only its second phase requires a small amount of new construction.

C(III).1. LIST ALL EXISTING HEALTH CARE PROVIDERS (I.E., HOSPITALS, NURSING HOMES, HOME CARE ORGANIZATIONS, ETC.) MANAGED CARE ORGANIZATIONS, ALLIANCES, AND/OR NETWORKS WITH WHICH THE APPLICANT CURRENTLY HAS OR PLANS TO HAVE CONTRACTUAL AND/OR WORKING RELATIONSHIPS, E.G., TRANSFER AGREEMENTS, CONTRACTUAL AGREEMENTS FOR HEALTH SERVICES.

Starr Regional Medical Center Etowah coordinates closely with its main campus at Athens on all matters of acute care operations. Discharge decisions are not made by the hospital but are facilitated by the hospital, at the patient's direction. Nursing homes in the area provide post-acute / long term care to many patients discharged from SRMC-Etowah. Service area nursing homes include the following:

McMinn County: Etowah Health Care Center; LifeCare Center of Athens; McMinn Memorial Nursing Home; NHC Healthcare.

Polk County: Life Care Center of Copper Basin

Meigs County: Brookewood Nursing Center

Monroe County: East Tennessee Health Care Center; Sweetwater Nursing Center; Wood Presbyterian Home.

<u>Bradley County</u>: Bradley Healthcare & Rehabilitation Center; Life Care Center of Cleveland; Signature Healthcare of Cleveland.

C(III).2. DESCRIBE THE POSITIVE AND/OR NEGATIVE EFFECTS OF THE PROPOSAL ON THE HEALTH CARE SYSTEM. PLEASE BE SURE TO DISCUSS ANY INSTANCES OF DUPLICATION OR COMPETITION ARISING FROM YOUR PROPOSAL, INCLUDING A DESCRIPTION OF THE EFFECT THE PROPOSAL WILL HAVE ON THE UTILIZATION RATES OF EXISTING PROVIDERS IN THE SERVICE AREA OF THE PROJECT.

The applicant does not foresee the project's having a significant impact on Skyridge Medical Center Westside, the primary service area's only other provider of adult psychiatric services. Skyridge Westside is located at the south end of the service area, far from several of SRMC--Etowah's service area counties. It has empty bed capacity, but its program focuses strongly on serving adults age 18-64, not adults age 65+. In CY2012, only 5.5% of Skyridge's total psychiatric admissions were adults age 65+. (See Table Eight in Section B.II.C. of the application.)

Skyridge Westside's CY2012 Joint Annual Report, on pages 25 and 32, shows that all 968 of the hospital's total admissions were to its psychiatric unit. Therefore, the hospital's JAR patient origin data pertains only to its psychiatric unit. That patient origin data shows that Skyridge received 712, or 73.6%, of its admissions from the five service area counties of this Etowah project (Bradley, McMinn, Polk, Meigs, Monroe). However, Skyridge admitted only 34 patients age 65+ from *all 31* of its service area counties. So even if all 34 of those elderly patients came from just the five counties of SRMC--Etowah's primary service area, that would represent only 3.5% of Skyridge's total psychiatric admissions. And most likely it was fewer than that.

So with so few of Skyridge's adult psychiatric admissions originating from SRMC's geropsychiatric service area, it is difficult to see how the proposed 4-bed addition to SRMC--Etowah could have any significant adverse impact on Skyridge Westside in Cleveland.

C(III).3. PROVIDE THE CURRENT AND/OR ANTICIPATED STAFFING PATTERN FOR ALL EMPLOYEES PROVIDING PATIENT CARE FOR THE PROJECT. THIS CAN BE REPORTED USING FTE'S FOR THESE POSITIONS. IN ADDITION, PLEASE COMPARE THE CLINICAL STAFF SALARIES IN THE PROPOSAL TO PREVAILING WAGE PATTERNS IN THE SERVICE AREA AS PUBLISHED BY THE TENNESSEE DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT AND/OR OTHER DOCUMENTED SOURCES.

Please see the following page for a chart of projected FTE's and salary ranges.

The Department of Labor and Workforce Development website provides the following annual salary information, for clinical employees of the type needed to implement this project, for the McMinn County area (BOS Area 47004).

Table Twenty-Two: TDOL Surveyed Average Salaries for the Region				
Position	Entry Level	Mean	Median	Experienced
RN	\$39,600	\$52,510	\$49,730	\$58,970

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Table Twenty-Three REVIS		ychiatric Unit	gional moulou.	
	•	Projected Staffii	ng	
Position Type (RN, etc.)	Current Yr. FTE's	Year One FTE's	Year Two FTE's	Salary Range (Hourly)
	2014	2015	2016	
Staff RN Full time	4	5	5	\$17.50 to \$30.88
Staff RN Part time	1	1	1.5	\$17.50 to \$30.88
Staff LPN Full Time	4	4	4	\$11.40 to \$20.00
Staff CNA/MHT	6	6	6	\$7.50 to \$13.50
PRN RN working Full Time Hours	0	0	0	\$17.50 to \$30.88
PRN CNA/MHT working Full Time	0	0	0	\$10.00 to \$12.00
LSW	1	1	1	\$20.00 to \$33.50
Activities Therapist	1	1	1	\$11.00 to \$20.00
Program Director RN	1	1	1	Contracted
Nurse Manager	1	1	1	Contracted
Physician Director	0	0	0	Contracted
Total FTE's	19	20	20.5	
ADC	200 2 20 0 9	11 (2) 11 (2)	13	

Source: Hospital Management

^{*} There will be a need to keep a number of PRN staff to cover when needed.

C(HI).4. DISCUSS THE AVAILABILITY OF AND ACCESSIBILITY TO HUMAN RESOURCES REQUIRED BY THE PROPOSAL, INCLUDING ADEQUATE PROFESSIONAL STAFF, AS PER THE DEPARTMENT OF HEALTH, THE DEPARTMENT OF MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES, AND/OR THE DIVISION OF MENTAL RETARDATION SERVICES LICENSING REQUIREMENTS.

Only one net new RN FTE will be required. The unit is already operating with a high level of clinical staff.

C(III).5. VERIFY THAT THE APPLICANT HAS REVIEWED AND UNDERSTANDS THE LICENSING CERTIFICATION AS REQUIRED BY THE STATE OF TENNESSEE FOR MEDICAL/CLINICAL STAFF. THESE INCLUDE, WITHOUT LIMITATION, REGULATIONS CONCERNING PHYSICIAN SUPERVISION, CREDENTIALING, ADMISSIONS PRIVILEGES, QUALITY ASSURANCE POLICIES AND PROGRAMS, UTILIZATION REVIEW PPOLICIES AND PROGRAMS, RECORD KEEPING, AND STAFF EDUCATION.

The applicant so verifies.

C(III).6. DISCUSS YOUR HEALTH CARE INSTITUTION'S PARTICIPATION IN THE TRAINING OF STUDENTS IN THE AREAS OF MEDICINE, NURSING, SOCIAL WORK, ETC. (I.E., INTERNSHIPS, RESIDENCIES, ETC.).

Starr Regional Medical Center is a clinical rotation site for numerous students in the health professions. The college/universities/training centers with which Starr Regional has student affiliation agreements include:

- Belmont University
- · Bethel College
- Chattanooga State Community College
- Cleveland State Community College
- East Tennessee State University
- Knoxville Business College
- · Lincoln Memorial University
- Miller-Motte Technical Institute
- Roane State Community College
- South College
- Southern Adventist College
- Tennessee Technology Center of Athens
- Tennessee Technical University
- Trevecca Nazarene University
- Tri-County Community College
- University of North Dakota
- University of Tennessee at Chattanooga
- University of Tennessee at Knoxville
- Virginia College of Business and Health

In FY-2013, Starr Regional Medical Center served as a training rotation site for 190 students from these schools, in the following disciplines and programs: Nursing (82); Doctor of Osteopathic Medicine (13); Pharmacy (9); Physical Therapy (4); Occupational Therapy (2); Surgery (5); and Emergency Medical Technician (75).

PLEASE VERIFY, AS APPLICABLE, THAT THE APPLICANT C(III).7(a). HAS REVIEWED AND UNDERSTANDS THE LICENSURE REQUIREMENTS OF THE DEPARTMENT OF HEALTH, THE DEPARTMENT OF MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES, THE DIVISION OF RETARDATION SERVICES, AND/OR ANY **APPLICABLE** MENTAL MEDICARE REQUIREMENTS.

The applicant so verifies.

C(III).7(b). PROVIDE THE NAME OF THE ENTITY FROM WHICH THE OR WILL RECEIVE LICENSURE, **APPLICANT** HAS RECEIVED CERTIFICATION, AND/OR ACCREDITATION

LICENSURE:

Board for Licensure of Healthcare Facilities

Tennessee Department of Health

CERTIFICATION:

Medicare Certification from CMS

TennCare Certification from TDH

ACCREDITATION: Joint Commission

IF AN EXISTING INSTITUTION, PLEASE DESCRIBE THE C(III).7(c). LICENSING, CERTIFYING, OR STANDING WITH ANY CURRENT ACCREDITING AGENCY OR AGENCY.

The applicant is currently licensed in good standing by the Board for Licensing Health Care Facilities, certified for participation in Medicare and Medicaid/TennCare, and fully accredited by the Joint Commission.

C(III).7(d). FOR EXISTING LICENSED PROVIDERS, DOCUMENT THAT ALL DEFICIENCIES (IF ANY) CITED IN THE LAST LICENSURE CERTIFICATION AND INSPECTION HAVE BEEN ADDRESSED THROUGH AN APPROVED PLAN OF CORRECTION. PLEASE INCLUDE A COPY OF THE MOST RECENT LICENSURE/CERTIFICATION INSPECTION WITH AN APPROVED PLAN OF CORRECTION.

They have been addressed. A copy of the most recent licensure inspection and plan of correction, and/or the most recent accreditation inspection, are provided in Attachment C, Orderly Development--7(C).

C(III)8. DOCUMENT AND EXPLAIN ANY FINAL ORDERS OR JUDGMENTS ENTERED IN ANY STATE OR COUNTRY BY A LICENSING AGENCY OR COURT AGAINST PROFESSIONAL LICENSES HELD BY THE APPLICANT OR ANY ENTITIES OR PERSONS WITH MORE THAN A 5% OWNERSHIP INTEREST IN THE APPLICANT. SUCH INFORMATION IS TO BE PROVIDED FOR LICENSES REGARDLESS OF WHETHER SUCH LICENSE IS CURRENTLY HELD.

None.

C(III)9. IDENTIFY AND EXPLAIN ANY FINAL CIVIL OR CRIMINAL JUDGMENTS FOR FRAUD OR THEFT AGAINST ANY PERSON OR ENTITY WITH MORE THAN A 5% OWNERSHIP INTEREST IN THE PROJECT.

None.

C(III)10. IF THE PROPOSAL IS APPROVED, PLEASE DISCUSS WHETHER THE APPLICANT WILL PROVIDE THE THSDA AND/OR THE REVIEWING AGENCY INFORMATION CONCERNING THE NUMBER OF PATIENTS TREATED, THE NUMBER AND TYPE OF PROCEDURES PERFORMED, AND OTHER DATA AS REQUIRED.

Yes. The applicant will provide the requested data consistent with Federal HIPAA requirements.

PROOF OF PUBLICATION

Attached.

DEVELOPMENT SCHEDULE

1. PLEASE COMPLETE THE PROJECT COMPLETION FORECAST CHART ON THE NEXT PAGE. IF THE PROJECT WILL BE COMPLETED IN MULTIPLE PHASES, PLEASE IDENTIFY THE ANTICIPATED COMPLETION DATE FOR EACH PHASE.

The Project Completion Forecast Chart is provided after this page.

2. IF THE RESPONSE TO THE PRECEDING QUESTION INDICATES THAT THE APPLICANT DOES NOT ANTICIPATE COMPLETING THE PROJECT WITHIN THE PERIOD OF VALIDITY AS DEFINED IN THE PRECEDING PARAGRAPH, PLEASE STATE BELOW ANY REQUEST FOR AN EXTENDED SCHEDULE AND DOCUMENT THE "GOOD CAUSE" FOR SUCH AN EXTENSION.

Not applicable. The applicant anticipates completing the project within the period of validity.

PROJECT COMPLETION FORECAST CHART

Enter the Agency projected Initial Decision Date, as published in Rule 68-11-1609(c):

July 23, 2014

Assuming the CON decision becomes the final Agency action on that date, indicate the number of days from the above agency decision date to each phase of the forecast.

(This schedule assumes that in Phase 1, another double room and other renovation of the unit will be completed by CY2015, and that within the same year construction is tentatively scheduled to begin on Phase 2, adding two semi-private patient rooms by outward expansion on the end of the unit. An older double room will then be converted to support space for a net gain of four semi-private beds.)

PHASES ONE AND TWO	DAYS REQUIRED	Anticipated Date (MONTH /YEAR)
1. Architectural & engineering contract signed	7	8-14
2. Construction documents approved by TDH	67	10-14
3. Construction contract signed	97	10-14
4. Building permit secured	100	11-14
5. PHASE 1-Site preparation completed	NA	NA
6. PHASE 1-Building construction commenced	100	11-14
7. PHASE 1-Construction 40% complete	124	11-14
8. PHASE 1-Construction 80% complete	154	11-14
9. PHASE 1-Construction 100% complete	169	12-14
10. PHASE 1-Issuance of license for 12 beds	182	12-14
11. PHASE 1-Initiation of service with 12 beds	191	1-15
12. PHASE 2-Site Preparation completed	371	7-15
13. PHASE 2-Building construction commenced	385	7-15
14. PHASE 2-Construction 40% complete	415	8-15
15. PHASE 2-Construction 80% complete	445	9-15
16. PHASE 2-Construction 100% complete	460	10-15
17. PHASE 2-Issuance of license for 14 beds	475	10-15
18. PHASE 2-Initiation of service with 14 beds	489	11-15
19. Final architectural certification of payment	564	2-16
20. Final Project Report Form (HF0055)	624	4-16

^{*} For projects that do NOT involve construction or renovation: please complete items 10-11 only.

Note: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date.

SUPPLEMENTAL- # 1
April 24, 2014
11:35am

TENNESSEE NOTARY PUBLIC A PUBL

AFFIDAVIT

STATE OFTENNESSEE
COUNTY OFDAVIDSON
JOHN WELLBORN, being first duly sworn, says that he is the lawful agent of the applicant named in this application, that this project will be completed in accordance with the application to the best of the agent's knowledge, that the agent has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. § 68-11-1601, et seq., and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete to the
best of the agent's knowledge. John Wellborn SIGNATURE/TITLE
Sworn to and subscribed before me this
Public in and for the County/State of lennessee.
NOTARY PUBLIC
My commission expires November 5, 2014 (Month/Day) STATE OF TENNESSEE NOTARY PUBLIC

INDEX OF ATTACHMENTS

A.4 Ownership--Legal Entity and Organization Chart (if applicable)

A.5 Management Contract

A.6 Site Control

B.III. Plot Plan

B.IV. Floor Plan

C, Need--1.A.3. Letters of Intent & Qualifications; Protocols

C, Need--3 Service Area Maps

C, Economic Feasibility--1 Documentation of Construction Cost Estimate

C, Economic Feasibility--2 Documentation of Availability of Funding

C, Economic Feasibility--10 Financial Statements

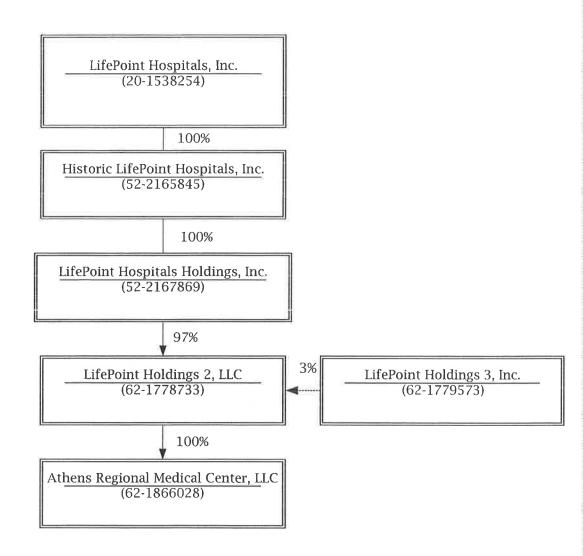
C, Orderly Development--7(C) Licensing & Accreditation Inspections

Miscellaneous Information

Support Letters

A.4--Ownership Legal Entity and Organization Chart

Athens Regional Medical Center, LLC Ownership Structure



LIFEPOINT HOSPITALS, INC. ACUTE CARE HOSPITALS IN TENNESSEE

Crockett Hospital 1607 South Locust Avenue Lawrenceburg, TN 38464

Emerald Hodgson Hospital 1260 University Avenue Sewanee, TN 37375

Hillside Hospital 1265 East College Street Pulaski, TN 38478

Livingston Regional Hospital 315 Oak Street Livingston, TN 38570

Riverview Regional Medical Center 158 Hospital Drive Carthage, TN 37030

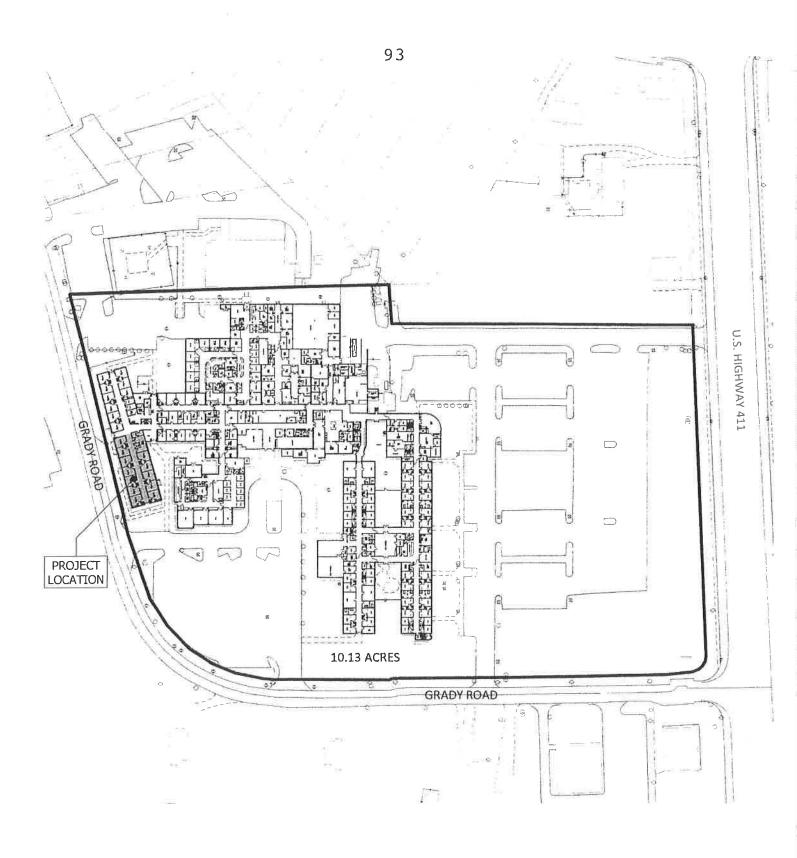
Southern Tennessee Medical Center 185 Hospital Road Winchester, TN 37398

Starr Regional Medical Center--Etowah 1114 West Madison Avenue Athens, TN 37303

Starr Regional Medical Center--Etowah 886 Highway 411 North Etowah, TN 37331

Sumner Regional Medical Center 555 Hartsville Pike Gallatin, TN 37066

Trousdale Medical Center 500 Church Street Hartsville, TN 37074 **B.III.--Plot Plan**

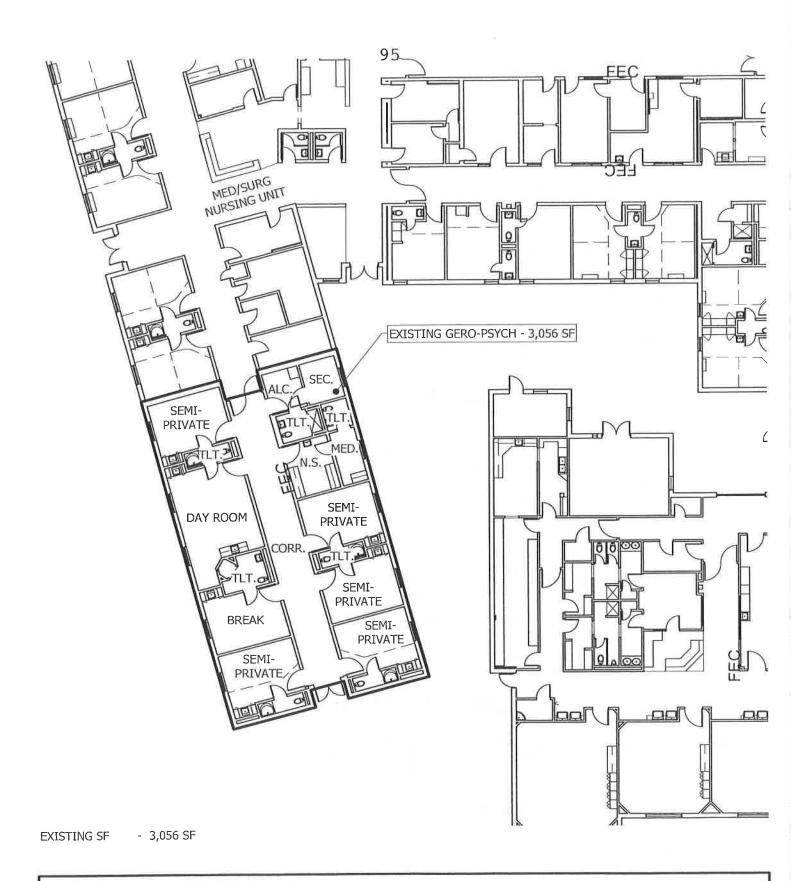


GERO-PSYCH EXPANSION for STARR REGIONAL MEDICAL CENTER - ETOWAH SITE PLAN 10.13 ACRES

ETOWAH, TENNESSEE
MARCH 10, 2014 - NOT FOR CONSTRUCTION
HINSON MILLER KICKIRILLO ARCHITECTS, PLLC

NOT TO SCALE

B.IV.--Floor Plan



GERO-PSYCH EXPANSION for STARR REGIONAL MEDICAL CENTER - ETOWAH EXISTING FLOOR PLAN 10 BEDS

ETOWAH, TENNESSEE MARCH 10, 2014 - NOT FOR CONSTRUCTION HINSON MILLER KICKIRILLO ARCHITECTS, PLLC



GERO-PSYCH EXPANSION for STARR REGIONAL MEDICAL CENTER - ETOWAH

PROPOSED - NEW WORK PLAN 14 BEDS

ETOWAH, TENNESSEE
MARCH 10, 2014 - NOT FOR CONSTRUCTION
HINSON MILLER KICKIRILLO ARCHITECTS, PLLC

C, Need--1.A.3.e. Letters of Intent & Qualifications Facility Protocols and Procedures



www.StarrRegional.com

January 21, 2014

To Whom It May Concern:

I would like to express my support for the expansion of the Senior Care Unit at Starr Regional Hospital to 14 beds. There is a large catchment area for the unit, since we serve patients from Chattanooga to Knoxville. We have had many times in the past year that patients were turned away or their admissions were delayed due to no bed availability at the time. Thank you for your consideration in this matter.

Sincerely,

J. Glynn Newman, Jr., M.D. Medical Director, Senior Care Unit

J. Glynn Newman, Jr., M.D.

Diplomate, American Board of Psychiatry and Neurology Board Certified in General Psychiatry and Forensic Psychiatry 2150 North Ocoee Street Suite 1 Cleveland, TN 37311 (423) 614-0122

CURRICULUM VITAE

Employment:

Director of Psychiatric Services Bradley Healthcare and Rehab Center January 2006 to present

President Cleveland Psychiatric Center, P.C. June 2005 to present

Psychiatry Clerkship Director University of Florida College of Medicine March 2004 to April 2005

Assistant Medical Director Shands at Vista July 2001 to June 2005

Director of Outpatient Services Shands at Vista October 2001 to June 2005

Assistant Professor University of Florida Department of Psychiatry October 2001 to June 2005

Clinical Instructor University of Florida Department of Psychiatry July 2000 to October 2001

Education:

University of Florida Forensic Psychiatry Fellowship (one-half time) June 2002

University of Florida Psychiatry Residency June 2000 University of Tennessee College of Medicine Doctor of Medicine June 1996

Union University Bachelor of Science in Chemistry, cum laude June 1992

Licensure and Board Certification:

Diplomate in Forensic Psychiatry, American Board of Psychiatry and Neurology #1433
2003

Diplomate in Psychiatry, American Board of Psychiatry and Neurology #51048 2002

Tennessee Medical License 40005 2005

Florida Medical License ME0076666 1998

Drug Enforcement Agency #BN6057384 1998

Committees:

University of Florida College of Medicine Academic Status Committee 2004-2005 Pharmacy and Therapeutics Committee 2003-2004 Graduate Education Committee 1996-2000 Record Compliance Committee 1999-2000 Residency Applicant Search Committee 1999-2000

Awards:

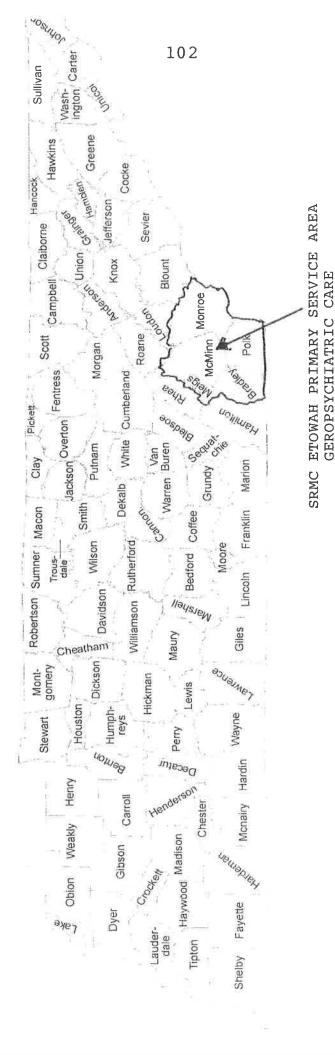
Medical Student Educator Award 2003 Chief Resident in Psychiatry 1999-2000 Outstanding Resident of the Year 1999-2000 Psychiatry Resident Award of Excellence 2000 Career Directions Recipient 1999

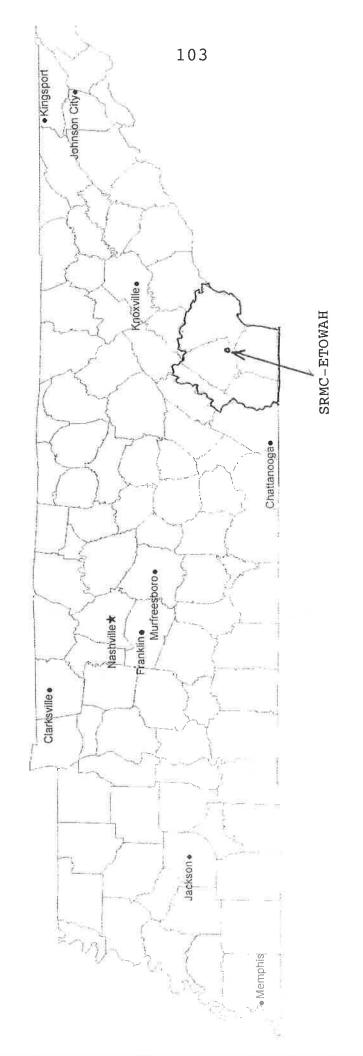
Publications and Presentations:

Co-Presenter, University of Florida Department of Psychiatry Grand Rounds, March 27, 2001 "History of the Insanity Defense"

Presenter, Florida Forensic Training Workshop, October 9, 2003 "Writing a Forensic Report"

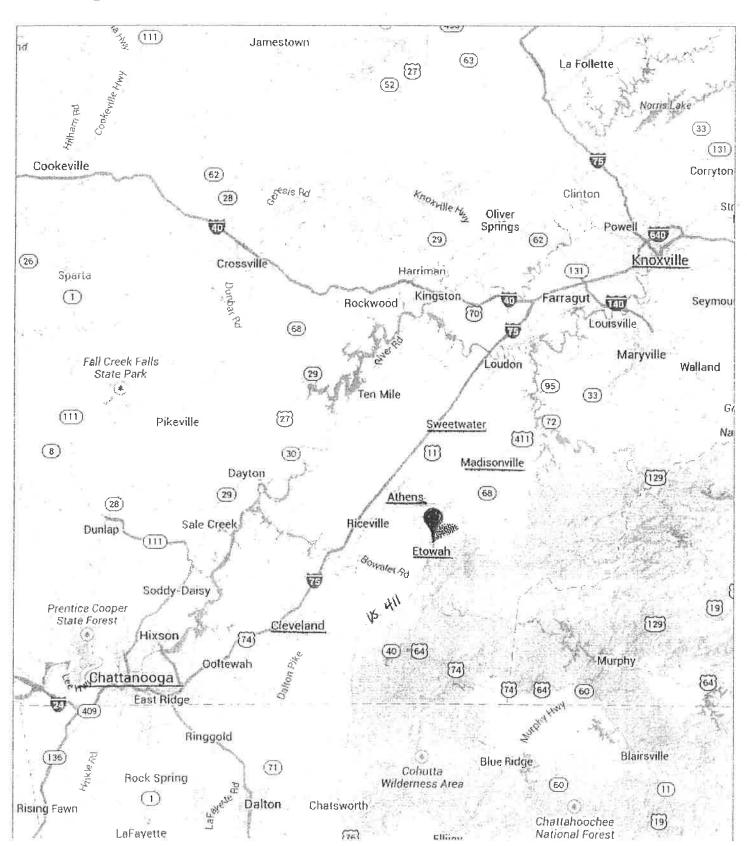
C, Need--3 Service Area Maps





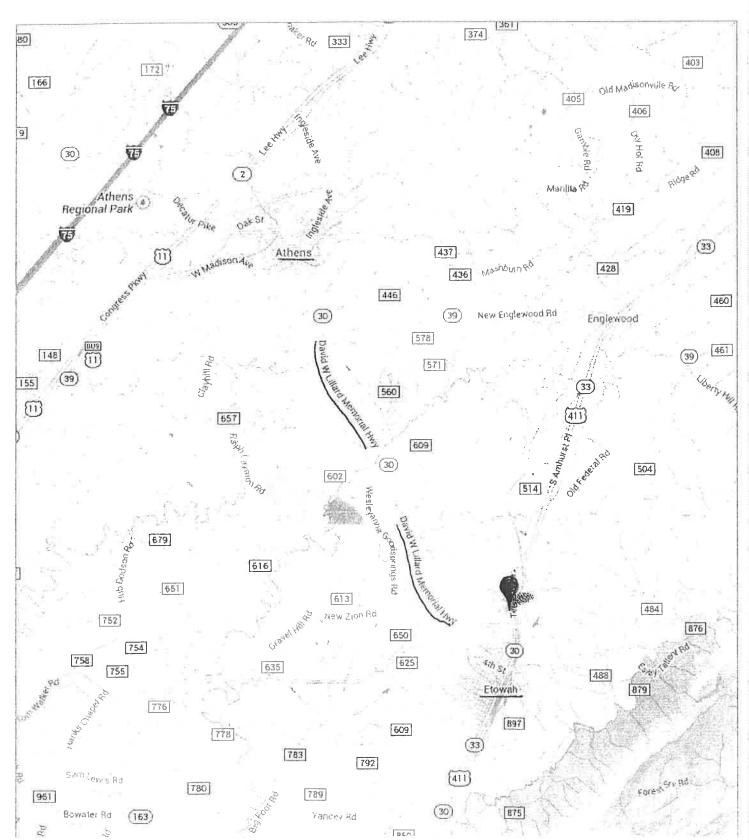
To see all the details that are visible on the screen, use the "Print" link next to the map.

Google



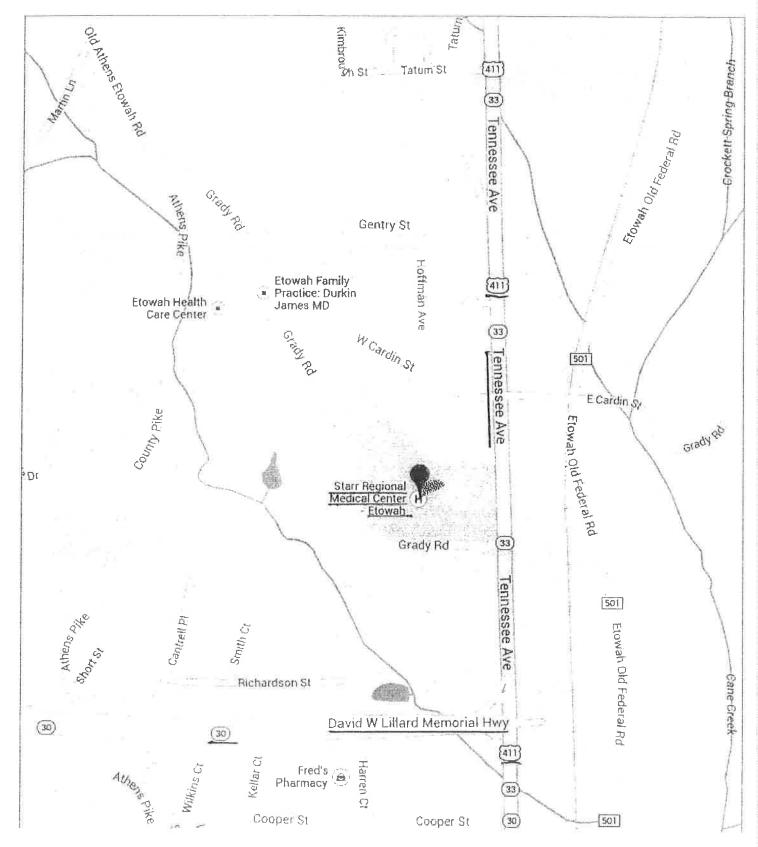
To see all the details that are visible on the screen, use the "Print" link next to the map.

Google



Google

To see all the details that are visible on the screen, use the "Print" link next to the map.



C, Economic Feasibility--1 Documentation of Construction Cost Estimate



HINSON MILLER KICKIRILLO

ARCHITECTS PLLC

March 12, 2014

Ms. Melanie Hill **Executive Director** State of Tennessee Health Services and Development Agency 500 Deadrick Street, Suite 850 Nashville, TN 37243

RE:

Starr Regional Medical Center - Etowah, TN

Geriatric-Psychiatric Unit Expansion – Verification of Construction Cost

Dear Ms. Hill:

We have reviewed the construction cost developed for the Geriatric-Psychiatric Unit bed expansion at Starr Regional Medical Center. The construction cost of \$825,000.00 is based on 5,201 square feet of renovation to the existing facility, and 980 square feet of building addition which will increase the unit's bed total from 10 to 14.

It is our professional opinion that the construction cost proposed which equates to \$133.47 per square foot is consistent with historical data based on our experience with similar type projects. It is important to note, that our opinion is based on normal market conditions, price escalation, etc.

The project will be developed under the current codes and standards enforced by the State of Tennessee as follows:

2006 International Building Code/2006 International Mechanical Code/2006 International Plumbing Code 2006 International Gas Code 2005 National Electrical Code 2006 NFPA 1, excluding NFPA 5000 2006 NFPA 101, Life Safety Code 2010 FGI Guidelines for the Design and Construction of Health Care Facilities 2002 North Carolina Accessibility Code with 2004 Amendments/2010 Americans with Disabilities Act (ADA)

Sincerely,

HINSON MILLER KICKIRILLO ARCHITECTS PLLC

C, Economic Feasibility--2 Documentation of Availability of Funding



April 1, 2014

Melanie M. Hill, Executive Director Tennessee Health Services and Development Agency Andrew Jackson State Office Building, Suite 850 500 Deaderick Street Nashville, Tennessee 37243

RE: Starr Regional Medical Center CON Application for Four Geropsychiatric Beds

Dear Mrs. Hill:

Starr Regional Medical Center--Etowah is applying for a Certificate of Need to add four geropsychiatric beds in two phases over the next two years.

As President of LifePoint's Easter Group, the group to which this facility belongs, I am writing to confirm LifePoint Hospitals, Inc. will provide the approximately \$1,283,000 required to implement this project. LifePoint's financial statements are provided in the application.

Sincerely,

Jeff Seraphine

President, Eastern Group

C, Economic Feasibility--10 Financial Statements

INCOME STATEMENT

F0546011 - STARR REG-CONS HOS OPS

COUSOLMET ED CAMPUSES
LPNT GROUP OPERATIONS
EASTERN GROUP
TENNESSEE MARKET

		CURRENT MONTH	T MONT	_			MED/SURG			YEA	YEAR-TO-DATE	<u>=</u>		
ACTUAL	BUDGET	SDollar P	PCT% LAST YEAR	ST YEAR	\$Dollar	PCT%	December 2013	ACTUAL	BUDGET	\$Dollar	РСТ%	LAST YEAR	\$Dollar	PCT%
							Revenues							
2,178,563	2,398,289	(219,726)	-9.16%	2,055,039	123,524		ROUTINE REVENUE	26,778,568	28,618,269	(1,839,701)	-6.43%	16,867,452	9,911,116	58.76%
5,328,792	5,494,058	(165,266)	-3.01%	5,135,652	193,140		IP ANCILLARY	59,339,822	66,337,166	(6,997,344)	-10.55%	52,699,494	6,640,328	12.60%
15.068.542	7,692,347 14,491,803	576 739	3.98%	13 752 985	315,004	9.57%	GROSS IF REV	86, 118,390 180 271 920	94,955,435 176,527,972	3 743 948	2.31%	143,550,502	36 621 418	25.19%
22,575,897	22,384,150	191,747	0.86%	20,943,676	1,632,221		TOTAL PAT REV	266,390,310	271,483,407	(2,093,097)	-1.88%	213,217,448	53,172,862	24.94%
45,511	32,606	12,905	39.58%	17,756	27,755	156.31%	OTHER OPER INCOME	327,086	393,272	(66,186)	-16.83%	265,191	61,895	23.34%
22,621,408	22,416,756	204,652	0.91%	20,961,432	1,659,976	7.92%	GROSS REVENUE Deductions	266,717,396	271,876,679	(5,159,283)	-1.90%	213,482,639	53,234,757	24.94%
6 335 AAA	6 164 028	171 116	78%	5 179 630	855 814	15 62%	MEDICABE CUBBENT VB	71 946 057	74 490 665	(2 544 608)	342%	54 859 999	17 086 058	31.14%
0,333,444	(305,284)	63 033	20 04%	(162 512)	78 830)		MEDICARE CORREST IN	(2 933 028)	(3,658,604)	(2000,445,25)	-19 83%	(2.457.219)	(475 809)	19.36%
177.399	185,974	(8.575)	4.61%	118.955	58.444		CHAMPUS CONTRACTUALS	1.634,832	2.103.098	(468,266)	-22.27%	1.825,987	(191,155)	-10.47%
7,560	0	7,560	%00.0	29,588	(22,028)		PR YR CONTRACTUALS	(106,695)	0	(106,695)	0.00%	128,085		-183,30%
7,356,130	7,772,785	(416,655)	-5,36%	7,664,129	(307,999)	-4.02%	HMO/PPO DISNTS INC ME/MA MGD	94,562,160	93,879,827	682,333	0.73%	78,321,606	16,240,554	20.74%
147,190	113,365	33,825	29.84%	89,186	58,004	65.04%	CHARITY DISCOUNTS	1,385,332	1,382,994	2,338	0.17%	1,117,653	267,679	23.95%
1,594,435	1,459,784	134,651	9.22%	1,201,884	392,551		OTHER DEDUCTIONS	17,015,188	17,767,237	(752,049)	-4.23%	11,760,866	5,254,322	44.68%
1,328,645	1,027,466	301,179	29.31%	722,392	606,253			14,838,336	12,459,061	2,379,275	19.10%	9,952,091	4,886,245	49.10%
16,705,452	16,418,118	287,334	1.75%	15,143,252	1,562,200		TOTAL DEDUCTIONS	198,342,182	198,424,278	(82,096)	-0.04%	155,509,068	42,833,114	27.54%
97,976	5,998,538	(82,682)	-1.38%	5,818,180	977.78	1.68%	Operating Expenses	08,575,214	13,432,401	(/ol///n/c)	0.81%	16,878,70	10,401,043	17.9470
2,012,690	2,118,324	(105,634)	4.99%	2,212,646	(199,956)	-9.04%	SALARIES	25,330,420	25,556,260	(225,840)	-0.88%	19,451,060	5,879,360	30.23%
0	8,297	(8,297)	-100.00%	9,031	(9,031)	-100.00%	CONTRACT LABOR	33,672	96,296	(62,324)	-64.72%	62,916	(28,944)	-4E 00%
413,785	472,112	(58,327)	-12.35%	388,894	24,891		EMPLOYEE BENEFITS	5,574,694	5,760,747	(186,053)	-3.23%	4,797,004	777,690	K6 .21%
582,155	857,543	(275,388)	-32.11%	846,436	(264,281)	-31.22%	SUPPLIES	9,338,662	10,409,953	(1,071,291)	-10.29%	8,347,978	990,684	11.87%
270,232	207,024	63,208	30.53%	291,583	(21,351)		PROFESSIONAL FEES	2,905,137	2,683,667	221,470	8.25%	1,846,753	1,058,384	57.31%
367,082	522,493	(155,411)	-29.74%	272,458	94,624		CONTRACT SERVICES	4,358,065	5,592,224	(1,234,159)	%/0.22-	3,094,336	1,263,729	40.84%
200,145	33 786	37,401	12 05%	73 561	1,920	07 00.1	REPAINS & IMAIN LENAINCE BENTS & LEASES	326 5.83	409 908	(83 325)	%SC 00-	251,023	74 674	29.41%
125,732	125 259	(4,5/4)	0.38%	140.286	(14.554)		TITIES	1.474.573	1.540.891	(65,918)	-4.28%	1,182,309	292.664	24.75%
33,393	45.174	(11.781)	-26.08%	18.877	14.516		INSURANCE	469,506	540,103	(70,597)	-13.07%	381,953	87,553	22,92%
0	0	0	%00.0	0	0		INVESTMENT INCOME	0	0	0	0.00%	0	0	%00.0
364,996	370,542	(5,546)	-1.50%	361,352	3,644	1.01%	NON INCOME TAXES	4,393,462	4,446,504	(53,042)	-1.19%	3,466,087	927,375	26.76%
(1,312,794)	56,398	(1,369,192) -2427.73%	2427.73%	(36,480)				(1,505,512)	(307,652)	(1,197,860)	389.36%	(691,974)	(813,538)	117.57%
3,066,826	4,959,628	(1,892,802)	-38.16%	4,700,859 1 111 321	(1,640,033) 1 737 809	-34.84% 156.37%	IOIAL OPER EXP FRDITA	13,960,635	15.020.393	(4,017,429)	-7.06%	14.061.611	(100.976)	-0.72%
							Capital and Other Costs							
286,701	271,236	15,465	5.70%	281,702	4,999	1.77%	DEPRECIATION	4,087,664	3,254,832	832,832	25.59%	2,817,019	1,270,645	45.11%
30,000	0	30'000	0.00%	30,000	0		AMORTIZATION	360,000	0	360,000	0.00%	180,000	-1.00db(do)	400tb0%
0 1	0	0	%000	0 700	0 0		OTHER NON OPER EXP	0 70 70	0 000 700 7	0 020	%00.0	0 000 7	0 0	0.00%
398,775	383,441	15,334	4.00%	381,333	17,442			4,610,371	4,601,292	6/O'6	0.20% 0.00%	4,289,266	321,105	7.49%
237,612	210,752		0.00%	067,612	208,12	0.00%	MAINAGEMENT PEES	445,100,2	445,150,2	0 0	0.00%	2,213,400	057,944	%000 0
953 088	892 289	60 799	6.81%	908 785	44.303		TOT CAPITAL/OTHER	11.909.579	10.707.468	1.201.911	11.22%	9.499.685	2,409,694	25.37%
1,896,042	146,721		1192.28%	202,536	1,693,506		PRE TAX INCOME	2,051,256	4,312,925	(2,261,669)	-52.44%	4,561,926	(2,510,670)	-55.04%
							Taxes on Income							
0	0	0	%00.0	0	0	0.00%		0	0	0 1	0.00%	0	0	0.00%
0 (0	0 0	0.00%	0 (0 0			0 0	o 0	0 0	0.00%	0	0 0	%00.0
0 806.042	146 721	1 7/0 321 1	0.00%	202 536	1 693 506	836.15%	NET INCOME	2 051 256	0 4 312 925	(2.261.669)	-52.44%	4 561 926	(2 510 670)	-55.04%
10000	7 7 01	NO.04	0/07:70	000000	2000			0.1	21	(000:00:00:00:00:00:00:00:00:00:00:00:00			(2) (2) (2)	

BALANCE SHEET F0546011 - STARR REG-CONS HOS OPS

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	CURRENT MONTH		December 2013		YEAR-TO-DATE	
BEGIN	CHANGE	ENDING	Balance Sheet	BEGIN	CHANGE	ENDING
			Current Assets			
364,915 0	64,880 0	429,795 0	CASH & CASH EQUIVALENTS MARKETABLE SECURITIES Patient Accounts Receivables	723,052 0	-293,257 0	429,795 0
22,218,073	538,951	22,757,024	PATIENT RECEIVABLES I ESS AI LOW FOR GOVT RECEIVABLE	17,801,728 0	4,955,296 0	22,757,024 0
-13,918,605 8,299,468	-349,861 189,090	-14,268,466 8,488,558	LESS ALLOWS - BAD DEBT NET PATIENT RECEIVABLES Final Settlements	-8,256,465 9,545,263	-6,012,001 -1,056,705	-14,268,466 8,488,558
-267,448	179,093	-88,355	DUE TO/FROM GOVT PROGRAMS	-271,193	182,838	-88,355
-3,233 -270,681	0 179,093	-3,233 -91,588	ALLOWS DUE GOVT PROGRAMS NET FINAL SETTLEMENTS	0 -271,193	-3,233 179,605	-3,233 -91,588
8,028,787	368,183	8,396,970	NET ACCOUNTS RECEIVABLE	9,274,070	-877,100	8,396,970
1,364,735	-33,058	1,331,677	INVENTORIES	1,640,574	-308,897	1,331,677
483,812	658,097	1,141,909	PREPAID EXPENSES	795,056	346,853	1,141,909
1,111,898 11,354,147	1,059,352	12,413,499	OTAL CURRENT ASSETS TOTAL CURRENT ASSETS Property, Plant. Equipment	12,564,701	-151,202	
1 004 600	C	1.004.600	LAND	1,004,600	0	1,004,600,1
22,952,069	0	22,952,069	BLDGS AND IMPROVEMENT	22,708,284	243,785	
27,158,662	285,921	27,444,583	EQUIPMENT OWNED	25,405,002	2,039,581	27,444,583
111,900	0 700	111,900	CONSTRUCTION IN DESCRIPTION OF THE PROPERTY OF	7 0 Y	1726 156	1 732 111
1,510,179	221,932	53.245.263	GROSS PP&E	49,123,841	4,121,422	53,245,263
-22,268,722	-277,423	-22,546,145	LESS ACCUMULATED DEPRECIATION	-18,544,891 30,578,950	-4,001,254 120,168	-22,546,145 30.699,118
30,400,000	750,450	50,033,	Other Assets			
0	0	0		0	0	0
0	0	0	NOTES RECEIVABLES	0 700 1	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	0 5 2 5 2 40 6
5,386,101	-33,695 D	5,352,406	INTANGIBLE ASSETS - NET INVESTMENT IN SUBSIDARIES	0','c	+07,000- 0	0,335,400
1.025	0	1,025	OTHER ASSETS	200	525	1,025
5,387,126	-33,695	5,353,431	TOTAL OTHER ASSETS	5,706,610	-353,179	5,353,431
47,209,961	1,256,087	48,466,048	GRAND TOTAL ASSETS	48,850,261	-384,213	48,466,048

Revised 04/25/01

LPNT GROUP OPERATIONS EASTERN GROUP TENNESSEE MARKET

2,554,583 2,192,762 488,190 0 0 486,602 0 5,722,137 0 -23,764,290 0 -23,764,290 0 60,521 60,521 60,521 60,521 66,447,680		UTINOM THOUGH		Docember 2013		VEAR-TO-DATE	
798,894 2,554,583 143,941 2,192,762 -2,163 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Z	CHANGE	ENDING	Liabilities & Equity	BEGIN	CHANGE	ENDING
798,894 2,554,583 143,941 2,162,762 -2,163 488,190 0 -19,921 486,602 0 923,022 5,722,137 L 1,246,476 -23,764,290 0 -1,246,476 -23,764,290 0 -316,501 60,521 -316,501 60,521 0 64,396,424 1,896,042 2,051,256 0 1,256,087 48,466,048				Current Liabilites			
143,941 2,192,762 -2,163 488,190 0 -19,921 486,602 0 923,022 5,722,137 L 1,246,476 -23,764,290 0 -1,246,476 -23,764,290 0 -316,501 60,521 -316,501 60,521 0 64,396,424 1,896,042 2,051,256 0 1,256,087 48,466,048	689	798.894	2.554.583	ACCOUNTS PAYABLE	1,783,995	770,588	2,554,583
-2,163 488,190 0 -19,921 486,602 0 923,022 5,722,137 -1,246,476 -23,764,290 -1,246,476 -23,764,290 0 -316,501 60,521 -316,501 60,521 -316,501 60,521 -316,501 60,521 -316,501 60,521 -316,501 60,521 -316,501 60,521 -316,501 60,521 -316,501 60,521 -316,501 60,521 -316,501 60,521 -316,501 60,521 -316,501 60,521 -316,501 60,521 -316,501 60,424 -2,051,256 0 1,896,042 66,447,680	,821	143.941	2,192,762	ACCRUED SALARIES	1,881,934	310,828	2,192,762
2,271 486,602 2,271 486,602 0 923,022 5,722,137 L 0 -1,246,476 -23,764,290 0 -1,246,476 -23,764,290 0 0 -23,764,290 0 0 -23,764,290 0 0 -23,764,290 0 0 0 0 1,896,042 60,521 0 0 0 1,896,042 2,051,256 0 0 0 1,256,087 48,466,048	353	-2,163	488,190	ACCRUED EXPENSES	362,771	125,419	488,190
2,271 486,602 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	0	O Î	0	ACCRUED INTEREST	0	0	0
2,271 486,602 2,271 486,602 0 923,022 5,722,137 0 -1,246,476 -23,764,290 0 -1,246,476 -23,764,290 0 -316,501 60,521 -316,501 60,521 -316,501 60,521 -1,896,042 2,051,256 0 0 1,896,042 66,447,680	0	0	0	DISTRIBUTIONS PAYABLE	0	0	0
2,271 485,602 0 923,022 5,722,137 L 0 0 -1,246,476 -23,764,290 0 0 -316,501 60,521 -316,501 60,521 60,521 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 60,501 6	921	-19,921	0	CURR PORT - LONG TERM DEBT	266,655	-266,655	0
0 923,022 5,722,137 L -1,246,476 -23,764,290 0 -1,246,476 -23,764,290 0 0 -23,764,290 0 0 0 0 0 -316,501 60,521 -316,501 60,521 -316,501 60,521 -1,896,042 2,051,256 0 0 64,396,424 1,896,042 66,447,680 1,256,087 48,466,048	1,331	2,271	486,602	OTHER CURRENT LIABILITIES	456,220	30,382	486,602
923,022 5,722,137 L 0 -1,246,476 -23,764,290 0 -1,246,476 -23,764,290 0 0 -23,764,290 D 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	0	0	0	INCOME TAXES PAYABLE	0	0	0 !
0 -1,246,476 -23,764,290 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	9,115	923,022	5,722,137	TOTAL CURRENT LIABILITIES Long Term Debt	4,751,575	970,562	5,722,137
-1,246,476 -23,764,290 -1,246,476 -23,764,290 0 -316,501 60,521 -316,501 60,521 0 0 64,396,424 1,896,042 2,051,256 0 1,896,042 66,447,680	C	C	C	CAPITALIZED LEASES	0	0	0
0 -23,764,290 D -1,246,476 -23,764,290 D -316,501 60,521 -316,501 60,521 -316,501 60,521 -1,896,042 2,051,256 0 64,396,424 1,896,042 2,051,256 0 1,896,042 66,447,680	814	-1.246.476	-23.764.290	INTERCOMPANY DEBT	-20,257,624	-3,506,666	-23,764,290
-1,246,476 -23,764,290 D 0 0 0 -316,501 60,521 -316,501 60,521 E 0 0 64,396,424 1,896,042 2,051,256 0 1,896,042 66,447,680 1,256,087 48,466,048	0	0	0	OTHER LONG TERM DEBT	0	0	0
0 0 0 0 0 0 -316,501 60,521 -316,501 60,521 0 0 64,396,424 1,896,042 2,051,256 0 1,896,042 66,447,680 1,256,087 48,466,048	7,814	-1,246,476	-23,764,290	TOTAL LONG TERM DEBT Deferred Credits and Other Liabilities	-20,257,624	-3,506,666	-23,764,290
-316,501 60,521 -316,501 60,521 0 64,396,424 1,896,042 2,051,256 0 1,256,087 48,466,048	C	C	O	PROF LIABILITY RISK RESERVES	0	0	0
-316,501 60,521 -316,501 60,521 0 0 0 0 64,396,424 1,896,042 2,051,256 0 1,256,087 48,466,048) C	0 0	0	DEFERRED INCOME TAXES	0	0	0
-316,501 60,521 E 0 0 0 0 0 0 64,396,424 1,896,042 2,051,256 0 0 0 1,896,042 66,447,680	.022	-316.501	60,521	LONG TERM OBLIGATIONS	16,999	43,522	60,521
0 0 0 0 0 0 0 64,396,424 1,896,042 2,051,256 0 0 1,896,042 66,447,680 1,256,087 48,466,048	,022	-316,501	60,521	TOTAL OTHER LIAB. AND DEF. Equity	16,999	43,522	90,521
0 0 0 0 0 4,396,424 1,896,042 2,051,256 0 0 0 1,896,042 66,447,680	(C	c	DI JAN GAG YOOTS MOMMOO	A 561 040	7 561 940	4
1,896,042 2,051,256 0 0 64,396,424 0 0 0 1,896,042 66,447,680 1,256,087 48,466,048))	-	COMMON STOCK - TAK VALOE	00,100,1	0, 00, 1	0
1,896,042 2,051,256 0 0 1,896,042 66,447,680 1,256,087 48,466,048	727	> C	64 396 424	RETAINED FARNINGS START YEAR	59.777.371	4.619.053	64.396.424
1,896,042 66,447,680 1,256,087 48,466,048	2,727	1 896 042	2.051.256	NET INCOME CURRENT YEAR	0	2,051,256	2,051,256
0 1,896,042 66,447,680 1,256,087 48,466,048	0	0	0	DISTRIBUTIONS	0	0	0
1,256,087 66,447,680	0	0	0	OTHER EQUITY	0	0	0
1,256,087 48,466,048	,638	1,896,042	66,447,680	TOTAL EQUITY	64,339,311	2,108,369	66,447,680
1,256,087 48,466,048							
	1,961	1,256,087	48,466,048	TOTAL LIABILITIES AND EQUITY	48,850,261	-384,213	48,466,048

Revised 04/25/01

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LIFEPOINT HOSPITALS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS For the Years Ended December 31, 2013, 2012 and 2011 (In millions, except per share amounts)

` · ·	2013	2012	2011
Revenues before provision for doubtful accounts	\$ 4,428.7	\$ 4,016.2	\$ 3,544.6
Provision for doubtful accounts	750.4	624.4	518.5
Revenues	3,678.3	3,391.8	3,026.1
Salaries and benefits	1,727.4	1,554.5	1,364.7
Supplies	577.1	524.6	469.5
Other operating expenses	900.9	799.1	682.4
Other income	(64.1)	(32.0)	(26.7)
Depreciation and amortization	228.2	193.1	165.8
Interest expense, net	97.0	100.0	107.1
Gain on settlement of pre-acquisition contingent obligation	(5.6)	-	-
Debt transaction costs	5.9	4.4	-
Impairment charges	· -	4.0	
	3,466.8	3,147.7	2,762.8
Income from continuing operations before income taxes	211.5	244.1	263.3
Provision for income taxes	79.3	88.5	97.8
Income from continuing operations	132.2	155.6	165.5
Income from discontinued operations, net of income taxes	0.4	_	0.2
Net income	132.6	155.6	165.7
Less: Net income attributable to noncontrolling interests	(4.4)	(3.7)	(2.8)
Net income attributable to LifePoint Hospitals, Inc.	\$ 128.2	\$ 151.9	\$ 162.9
Basic earnings per share attributable to LifePoint Hospitals, Inc.			
stockholders:	\$ 2.76	\$ 3.22	\$ 3.30
Continuing operations	0.01	ψ <i>5.22</i>	ψ 5.50
Discontinued operations	\$ 2.77	\$ 3.22	\$ 3.30
Net income	D 2.11	3.22	\$ 3.50
Diluted earnings per share attributable to LifePoint Hospitals, Inc.			
stockholders:			
Continuing operations	\$ 2.68	\$ 3.14	\$ 3.22
Discontinued operations	0.01		
Net income	\$ 2.69	\$ 3.14	\$ 3.22
Weighted average shares and dilutive securities outstanding:			
Basic	46.3	47.2	49.3
Diluted	47.6	48.4	50.5
			3.5
Amounts attributable to LifePoint Hospitals, Inc. stockholders: Income from continuing operations, net of income taxes	\$ 127.8	\$ 151.9	\$ 162.7
Income from discontinued operations, net of income taxes	0.4	Ψ 151.7	0.2
	\$ 128.2	\$ 151.9	\$ 162.9
Net income	Φ 1∠0.Z	φ 131.9 =====	φ 102.9

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LIFEPOINT HOSPITALS, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME For the Years Ended December 31, 2013, 2012 and 2011 (In millions)

		2013		2012		2011
Net income	\$	132.6	\$	155.6	\$	165.7
Other comprehensive income, net of income taxes: Unrealized gains on changes in funded status of pension benefit obligation, net of provision for income taxes of \$1.9 for the year ended December 31, 2013		3.2		0.2		<u></u>
Unrealized gains on changes in fair value of interest rate swap, net of provision for income taxes of \$2.8 for the year ended December 31,		-				4.0
2011	_	2.2	-	0.2	0)	4.0
Other comprehensive income	-	3,2	_	0.2	?	4.0
Comprehensive income		135.8		155.8		169.7
Less: Net income attributable to noncontrolling interests		(4.4)	-	(3.7)	-	(2.8)
Comprehensive income attributable to LifePoint Hospitals, Inc.	\$	131.4	\$	152.1	\$	166.9

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LIFEPOINT HOSPITALS, INC.

CONSOLIDATED BALANCE SHEETS

December 31, 2013 and 2012

(Dollars in millions, except per share amounts)

(Dollars in millions, except per share amou		
ASSETS	2013	2012
Current assets:		
Cash and cash equivalents	\$ 637.9	\$ 85.0
Accounts receivable, less allowances for doubtful accounts of \$741.2 and \$558.4 at	595.7	518.8
December 31, 2013 and 2012, respectively	0,01,	0.0.0
Inventories	102.0	97.0
Prepaid expenses	38.0	31.8
Deferred tax assets	147.7	142.5
Other current assets	72.9	50.2
	1,594.2	925.3
Property and equipment:	-,	
Land	112.3	101.9
Buildings and improvements	2,019.6	1,815.2
Equipment	1,469.9	1,289.7
Construction in progress (estimated costs to complete and equip after December 31, 2013 is	58.7	81.0
\$59.5)		
	3,660.5	3,287.8
Accumulated depreciation	(1,463.3)	(1,256.9)
•	2,197.2	2,030.9
Deferred loan costs, net	31.1	21.9
Intangible assets, net	72.6	84.5
Other	40.7	47.8
Goodwill	1,651.0	1,611.8
Total assets	\$ 5,586.8	\$ 4,722.2
LIABILITIES AND EQUITY	====	
Current liabilities:		
Accounts payable	\$ 135.9	\$ 117.4
Accrued salaries	139.6	128.2
Other current liabilities	197.2	186.0
Current maturities of long-term debt	583.0	13.3
	1,055.7	444.9
Long-term debt	1,793.8	1,696.5
Deferred income tax liabilities	233.1	249.2
Long-term portion of reserves for self-insurance claims	139.8	133.0
Other long-term liabilities	55.4	79.2
Long-term income tax liability	16.6	16.9
Total liabilities	3,294.4	2,619.7
Redeemable noncontrolling interests	59.8	29.4
Equity:		
LifePoint Hospitals, Inc. stockholders' equity:		
Preferred stock, \$0.01 par value; 10,000,000 shares authorized; no shares issued		-
Common stock, \$0.01 par value; 90,000,000 shares authorized; 65,548,140 and 64,472,700	0.7	0.6
shares issued at December 31, 2013 and 2012, respectively		
Capital in excess of par value	1,470.7	1,403.5
Accumulated other comprehensive income	3.4	0.2
Atountained only comprehensive modific	5.4	0.2

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	119	E1	
* '	,586 and 17,544,668 shares at December 31,	16847:	9) 1(378:8)
2013 and 2012, respectively		NE IT	
Total LifePoint Hospitals, Inc. stockho	lders' equity	2,210.	1 2,050.5
Noncontrolling interests		22.	5 22.6
Total equity		2,232.	6 2,073.1
Total liabilities and equity		\$ 5,586.	\$ 4,722.2

Board for Licensing Health Care Facilities

State of American Tennessee

No. of Beds

DEPARTMENT OF HEALTH

of Health
Department
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granted
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ATHENS REGIONAL MEDICAL CENTER, LLC

to conduct and maintain a

Hospital				STARE	STARR REGIONAL MEDICAL CENTER ETOWAH	ICAL CENTE	R ETOWAH				
Located at	n	886 HIGHWA	886 HIGHWAY 411 NORTH, ETOWAH	TOWAH							
County of	9.	MCMINN			, Tennesse.	ø,					
9	This	This license shall equire	all expire		30 VJULY 06			1	2014	2014 , and is subject	subject
to the pu	ovisions	to the provisions of Chapter 11, Tennessee Code Annotaled. This license shall not be assignable or transferable,	", Tennessee	Bode	Annotated.	This lice.	nse shall i	not be	assignable	or transf	etable,

laws of the State of Temessee or the rules and regulations of the State Department of Fealth issued thereunder. In Hitness Meteof, we have hereunto set our hand and seal of the State this 6TH day of JULY In the Distinct Gategory/ies/ of: PEDIATRIC BASIC HOSPITAL

and shall be subject to revocation at any time by the State Department of Health, for failure to comply with the



Dy DIRECTOR, DIVISION OF HEALTH CARE FACILITIES

OMMISSIONER

Board for Licensing Health Care Facilities

Tennessee
State

0000000003

No. of Beds

DEPARTMENT OF HEALTH

This is to certify, that a license is hereby granted by the Hate Department of Health to

	ATHENS REGIONAL MEDICAL CENTER, LLC	to conduct and maintain a
Hospital	STARR REGIONAL MEDICAL CENTER	
Pocaled at	1114 WEST MADISON AVENUE, ATHENS	

2014, and is subject laws of the State of Fernessee or the rules and regulations of the State Department of Featth issued thereunder. to the provisions of Chapter 11, Tennessee Code Annotated. This license shall not be assignable or transferable, and shall be subject to revocation at any time by the State Department of Health, for failure to comply with the In Officess Officeof, we have hereunto set our hand and seal of the Flate this 12TH day of JUNE GENERAL HOSPITAL PEDIATRIC PRIMARY HOSPITAL TRAUMA CENTER LEVEL 3 This license shall extine In the Distinct Educacy (ies) of:

JUNE

MCMINN



OMMISSIONER DIRECTOR, DIVISION OF HEALTH CARE FACILITIES B

SUPPORT LETTERS



P.O. Box 957 • 409 Grady Rd. • Etowah, TN 37331 Ph. 423-263-1138 • Fax: 423-263-8876 www.Etowah-Health-Care.com

To whom it may concern:

We endorse the granting of a certificate of need for additional geropsych beds at Starr Regional Senior Care. As a facility we utilize the geropsych unit at Starr Regional (Etowah) for residents with unstable behaviors. Their staff and physicians try to respond to our needs. They provide hospital level psychiatric care for our residents when beds are available.

There are times when we have residents that are advancing with diseases and need additio0nal psychiatric services; Starr Regional Senior Care has not had beds available. Additional beds would greatly enhance their ability to care for the psychiatric needs of our patients.

Jonathan Hills

C, Orderly Development--7(C) Licensing & Accreditation Inspections

Doctors' Hospital of McMinn County

Etowah, TN

has been Accredited by



The Joint Commission

Which has surveyed this organization and found it to meet the requirements for the

Hospital Accreditation Program

January 12, 2012

Accreditation is customarily valid for up to 36 months.

Isabel V. Hoverman, MD, MACP

Chair, Board of Commissioners

Organization ID #: 3942

Print/Reprint Date: 03/27/12

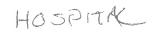
Mark R. Chassin, MD, FACP, MPP, MPH

The Joint Commission is an independent, not-for-profit, national body that oversees the safety and quality of health care and other services provided in accredited organizations. Information about accredited organizations may be provided directly to The Joint Commission at 1-800-994-6610. Information regarding accreditation and the accreditation performance of individual organizations can be obtained through The Joint Commission's web site at www.jointcommission.org.









Doctors' Hospital of McMinn County 886 Highway 411, North Etowah, TN 37331

Organization Identification Number: 3942

Program(s)
Hospital Accreditation

Survey Date(s) 01/10/2012-01/11/2012

Executive Summary

Hospital Accreditation:

As a result of the accreditation activity conducted on the above date(s), Requirements for Improvement have been identified in your report.

You will have follow-up in the area(s) indicated below:

• Evidence of Standards Compliance (ESC)

If you have any questions, please do not hesitate to contact your Account Executive.

Thank you for collaborating with The Joint Commission to improve the safety and quality of care provided to patients.

The Joiht Commission Summary of Findings

Evidence of DIRECT Impact Standards Compliance is due within 45 days from the day this report is posted to your organization's extranet site:

postou io jo.	3		
Program:	Hospital Accreditation Program		
Standards:	EC.02.03.01	EP1	
	MM.04.01.01	EP13	
	PC.01.03.01	EP1	
	PC.03.01.05	EP1	
	PC.04.01.05	EP2,EP8	

Evidence of INDIRECT Impact Standards Compliance is due within 60 days from the day this report is posted to your organization's extranet site:

posted to you	ir Organization s extranct site.		
Program:	Hospital Accreditation Program	K.	
Standards:	EC.02.02.01	EP5	
	EC.02.03.05	EP15	
	EC.02.04.01	EP2	
	EC.02.05.07	EP1	
	EC.02.06.01	EP1	
	LS.02.01.10	EP4	
	LS.02.01.30	EP6,EP11	
	PC.03.05.05	EP2	
	PC.03.05.15	EP1	
	RC.01.01.01	EP19	

The Joih Commission Summary of CMS Findings

CoP:

§482.13

Tag: A-0115

Deficiency: Standard

Corresponds to:

HAP

Text:

§482.13 Condition of Participation: Patient's Rights

A hospital must protect and promote each patient's rights.

CoP Standard	Tag	Corresponds to	Deficiency
§482.13(e)(6)	A-0169	HAP - PC.03.05.05/EP2	Standard
§482.13(e)(16)(iii)	A-0186	HAP - PC.03.05.15/EP1	Standard

CoP:

§482.23

Tag: A-0385

Deficiency: Standard

Corresponds to:

HAP

Text:

§482.23 Condition of Participation: Nursing Services

The hospital must have an organized nursing service that provides 24-hour nursing services. The nursing services must be furnished or supervised by a registered nurse.

CoP Standard	Tag	Corresponds to	Deficiency
§482.23(b)(4)	A-0396	HAP - PC.01.03.01/EP1	Standard
§482.23(c)(2)	A-0406	HAP - MM.04.01.01/EP13	Standard

CoP:

§482.24

Tag: A-0431

Deficiency: Standard

Corresponds to:

HAP

Text:

§482.24 Condition of Participation: Medical Record Services

The hospital must have a medical record service that has administrative responsibility for medical records. A medical record must be maintained for every individual evaluated or treated in the hospital.

CoP Standard	Tag	Corresponds to	Deficiency
§482.24(c)(1)	A-0450	HAP - RC.01.01.01/EP19	Standard
§482.24(c)(1)(i)	A-0454	HAP - RC.01.01.01/EP19	Standard

CoP:

§482.26

Tag: A-0528

Deficiency: Standard

Corresponds to: HAP

Text:

§482.26 Condition of Participation: Radiologic Services

The hospital must maintain, or have available, diagnostic radiologic services. If therapeutic services are also provided, they, as well as the diagnostic services, must

meet professionally approved standards for safety and personnel qualifications.

CoP Standard	Tag	Corresponds to	Deficiency
§482.26(b)(2)	A-0537	HAP - EC.02.04.01/EP2	Standard

CoP:

§482.41

Tag: A-0700

Deficiency: Standard

Corresponds to: HAP

Organization Identification Number: 3942

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The Join Commission **Summary of CMS Findings**

Text:

§482.41 Condition of Participation: Physical Environment

The hospital must be constructed, arranged, and maintained to ensure the safety of the patient, and to provide facilities for diagnosis and treatment and for special hospital services appropriate to the needs of the community.

CoP Standard	Tag	Corresponds to	Deficiency
§482.41(a)	A-0701	HAP - EC.02.06.01/EP1	Standard
§482.41(b)(4)	A-0711	HAP - EC.02.05.07/EP1	Standard
§482.41(b)(6)	A-0713	HAP - EC.02.02.01/EP5	Standard
§482.41(b)(1)(i)	A-0710	HAP - EC.02.03.05/EP15, LS.02.01.10/EP4, LS.02.01.30/EP6, EP11	Standard

CoP:

§482.43

Tag: A-0799

Deficiency: Standard

Corresponds to:

HAP

Text:

§482.43 Condition of Participation: Discharge Planning

The hospital must have in effect a discharge planning process that applies to all patients. The hospital's policies and procedures must be specified in writing.

CoP Standard	Tag	Corresponds to	Deficiency
§482.43(c)(5)	A-0822	HAP - PC.04.01.05/EP2	Standard

Chapter:

Environment of Care

Program:

Hospital Accreditation

Standard:

EC.02.02.01

ESC 60 days

Standard Text:

The hospital manages risks related to hazardous materials and waste,

Primary Priority Focus Area:

Equipment Use

Element(s) of Performance:

5. The hospital minimizes risks associated with selecting, handling, storing, transporting, using, and disposing of hazardous chemicals.



Scoring Category :C

Score:

Partial Compliance

Observation(s):

EP 5

§482.41(b)(6) - (A-0713) - (6) The hospital must have procedures for the proper routine storage and prompt disposal of trash

This Standard is NOT MET as evidenced by:

Observed in Building Tour at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During the building tour, it was observed that there were bottles of stain and decolorizing solution in the flammable storage cabinet located in the Lab that had expired. This was corrected during the survey.

Observed in Building Tour at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During the building tour, it was observed that there was a bottle of hydrochloric acid in the acids storage cabinet located in the Lab that had expired. This was corrected during the survey.

Chapter:

Environment of Care

Program:

Hospital Accreditation

Standard:

EC.02.03.01



Standard Text:

The hospital manages fire risks.

Primary Priority Focus Area:

Physical Environment

Element(s) of Performance:

1. The hospital minimizes the potential for harm from fire, smoke, and other products of combustion.



Scoring Category :C

Score:

Insufficient Compliance

Observation(s):

EP 1

Observed in Building Tour at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site. During the building tour, it was observed that there was use of spray foam insulation in use to seal through ceiling penetrations in the Dietary Can Storage Room which is not fire sprinkler protected. These penetrations were not part of the rated assembly for the room.

Observed in Building Tour at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site. During the building tour, an uncovered electrical box was observed in the ceiling above smoke detector 106 at the connector to the A wing for the nursing home.

Observed in Building Tour at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site. During the building tour, an uncovered electrical box was observed in the ceiling at the connector to the B wing for the nursing home.

Observed in Building Tour at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site. During the building tour, it was observed that there were 10 e-cylinders not secured in the outdoor medical gas storage area located next to the trash compactor.

Observed in Building Tour at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site. During the building tour, it was observed that there was plywood mounted on the wall behind the developer, the full width of the wall, in the Diagnostic Imaging department that was not fire resistant or treated to resist fire.

Observed in Building Tour at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site. During the building tour, it was observed that there was an opening left in the wall with electrical wires where a clock had been in the Business Office.

Chapter:

Environment of Care

Program:

Hospital Accreditation

Standard:

FC.02.03.05

ESC 60 days

Standard Text:

The hospital maintains fire safety equipment and fire safety building features. Note: This standard does not require hospitals to have the types of fire safety equipment and building features described below. However, if these types of equipment or features exist within the building, then the following maintenance, testing, and inspection requirements apply.

Primary Priority Focus Area:

Physical Environment

Element(s) of Performance:

15. At least monthly, the hospital inspects portable fire extinguishers. The completion dates of the inspections are documented.

Note 1: There are many ways to document the inspections, such as using bar-coding equipment, using check marks on a tag, or using an inventory.

Note 2: Inspections involve a visual check for the presence and correct type of extinguisher, broken parts, full charge, and ease of access.

Note 3: For additional guidance on inspection of fire extinguishers, see NFPA 10, Standard for Portable Fire Extinguishers, 1998 edition (Sections 1-6, 4-3, and 4-4).

Scoring Category :C

Score:

Partial Compliance

Observation(s):

EP 15

§482.41(b)(1)(i) - (A-0710) - (i) The hospital must meet the applicable provisions of the 2000 edition of the Life Safety Code of the National Fire Protection Association. The Director of the Office of the Federal Register has approved the NFPA 101®2000 edition of the Life Safety Code, issued January 14, 2000, for incorporation by reference in accordance with 5 U.S.C. 552(a) and 1 CFR part 51. A copy of the Code is available for inspection at the CMS Information Resource Center, 7500 Security Boulevard, Baltimore, MD or at the National Archives and Records Administration (NARA). For information on the availability of this material at NARA, call 202-741-6030, or go to: http://www.archives.gov/federal_register/code_of_federal_regulations/ibr_locations.html.

Copies may be obtained from the National Fire Protection Association, 1 Batterymarch Park, Quincy, MA 02269. If any changes in this edition of the Code are incorporated by reference, CMS will publish notice in the Federal Register to announce the changes.

This Standard is NOT MET as evidenced by:

Observed in Building Tour at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During the building, it was observed that there was a fire extinguisher that had an inspection date of 1/18/11 noted in the inspection tag in Diagnostic Imaging Room 1; the dates of survey were 1/10 - 1/11/11.

Observed in Building Tour at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During the building, it was observed that there was a fire extinguisher that had an inspection date of 1/18/11 noted in the inspection tag in Diagnostic Imaging Room 2; the dates of survey were 1/10 - 1/11/11.

Chapter:

Environment of Care

Program:

Hospital Accreditation

Standard:

EC.02.04.01

Standard Text:

The hospital manages medical equipment risks.

Primary Priority Focus Area:

Equipment Use

Element(s) of Performance:

2. The hospital maintains either a written inventory of all medical equipment or a written inventory of selected equipment categorized by physical risk associated with use (including all life-support equipment) and equipment incident history. The hospital evaluates new types of equipment before initial use to determine whether they should be included in the inventory. (See also EC.02.04.03, EPs 1 and 3)



ESC 60 days

Scoring Category : A

Score:

Insufficient Compliance

Observation(s):

EP 2

§482.26(b)(2) - (A-0537) - (2) Periodic inspection of equipment must be made and hazards identified must be properly corrected.

This Standard is NOT MET as evidenced by:

Observed in Environment of Care Session at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During the Environment of Care session, it was noted that the medical equipment inventory listed items that had service and other codes not noted in the inventory legend, such as multiple monitors, and showing an active status with maintenance activity defined. Staff and the service provider could not explain how the identified equipment was managed as part of its program.

Chapter:

Environment of Care

Organization Identification Number: 3942

Program:

Hospital Accreditation

Standard:

EC.02.05.07

ESC 60 days

Standard Text:

The hospital inspects, tests, and maintains emergency power systems. Note: This standard does not require hospitals to have the types of emergency power equipment discussed below. However, if these types of equipment exist within the building, then the following maintenance, testing, and inspection

requirements apply.

Primary Priority Focus Area:

Physical Environment

Element(s) of Performance:

1. At 30-day intervals, the hospital performs a functional test of battery-powered lights required for egress for a minimum duration of 30 seconds. The completion date of the tests is documented.



Scoring Category :C

Score:

Insufficient Compliance

Observation(s):

§482.41(b)(4) - (A-0711) - (4) Beginning March 13, 2006, a hospital must be in compliance with Chapter 19.2.9, Emergency Lighting.

This Standard is NOT MET as evidenced by:

Observed in Document Review at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the

Hospital deemed service.

During the document review session, it was noted that there was no information available at the time of survey to demonstrate that the battery-powered emergency lights had been tested monthly for 30 seconds in the Surgery Department. Only visual inspections were noted.

Observed in Document Review at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During the document review session, it was noted that there was no information available at the time of survey to demonstrate that the battery-powered emergency lights had been tested monthly for 30 seconds in the Boiler Room and West Wing Mechanical Room. Only visual inspections were noted.

Observed in Document Review at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During the document review session, it was noted that there was no information available at the time of survey to demonstrate that the battery-powered emergency lights had been tested monthly for 30 seconds in the ER/ICU Mechanical Room. Only visual inspections were noted.

Chapter:

Environment of Care

Program:

Hospital Accreditation

Standard:

EC.02.06.01

ESC 60 days

Standard Text:

The hospital establishes and maintains a safe, functional environment.

Note: The environment is constructed, arranged, and maintained to foster patient

safety, provide facilities for diagnosis and treatment, and provide for special

services appropriate to the needs of the community.

Primary Priority Focus Area:

Infection Control

Element(s) of Performance:

1. Interior spaces meet the needs of the patient population and are safe and suitable to the care, treatment, and services provided.



Scoring Category :C

Score:

Insufficient Compliance

Observation(s):

§482.41(a) - (A-0701) - §482.41(a) Standard: Buildings

The condition of the physical plant and the overall hospital environment must be developed and maintained in such a manner that the safety and well-being of patients are assured.

This Standard is NOT MET as evidenced by:

Observed in Building Tour at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During the building tour, it was observed that there were stained ceiling tiles in the Dietary Storeroom.

Observed in Building Tour at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During the building tour, it was observed that there were stained ceiling tiles in the Housekeeping Storeroom where toiletry paper products were stored.

Observed in Building Tour at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During the building tour, it was observed that were stained ceiling tiles in the Diagnostic Imaging department that had dark, mold-like spots on at least one tile.

Observed in Building Tour at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During the building tour, it was observed that there were stained ceiling tiles in the Materials Management storeroom, the main clean linen storeroom, and the ICU supply room, among many other locations throughout the facility.

Chapter:

Life Safety

Program:

Hospital Accreditation

Standard:

LS.02.01.10

ESC 60 days

Standard Text:

Building and fire protection features are designed and maintained to minimize the effects of fire, smoke, and heat.

Primary Priority Focus Area:

Physical Environment

Element(s) of Performance:

4. Openings in 2-hour fire-rated walls are fire rated for 1 1/2 hours. (See also LS.02.01.20, EP 3; LS.02.01.30, EP 1) (For full text and any exceptions, refer to NFPA 101-2000: 8.2.3.2.3.1)



Scoring Category :A

Score:

Insufficient Compliance

Observation(s):

Organization Identification Number: 3942

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EP 4

§482.41(b)(1)(i) - (A-0710) - (i) The hospital must meet the applicable provisions of the 2000 edition of the Life Safety Code of the National Fire Protection Association. The Director of the Office of the Federal Register has approved the NFPA 101®2000 edition of the Life Safety Code, issued January 14, 2000, for incorporation by reference in accordance with 5 U.S.C. 552(a) and 1 CFR part 51. A copy of the Code is available for inspection at the CMS Information Resource Center, 7500 Security Boulevard, Baltimore, MD or at the National Archives and Records Administration (NARA). For information on the availability of this material at NARA, call 202-741-6030, or go to: http://www.archives.gov/federal_register/code_of_federal_regulations/ibr_locations.html.

Copies may be obtained from the National Fire Protection Association, 1 Batterymarch Park, Quincy, MA 02269. If any changes in this edition of the Code are incorporated by reference, CMS will publish notice in the Federal Register to announce the changes.

This Standard is NOT MET as evidenced by:

Observed in Building Tour at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the

Hospital deemed service.

During the building tour, the double doors in the 2-hour rated barrier at the A wing for the nursing home had an excessive gap along the length of the right side of the door frame between the frame and the wall large enough for fingers to be inserted and a bracket was secured to the wall and frame to secure it in place.

Chapter:

Life Safety

Program:

Hospital Accreditation

Standard:

LS.02.01.30

ESC 60 days

Standard Text:

The hospital provides and maintains building features to protect individuals from the hazards of fire and smoke.

Primary Priority Focus Area: Physical Environment

Element(s) of Performance:

6. Existing corridor partitions are fire rated for 1/2 hour, are continuous from the floor slab to the floor or roof slab above, extend through any concealed spaces (such as those above suspended ceilings and interstitial spaces), are properly sealed, and are constructed to limit the transfer of smoke.



Note: In smoke compartments protected throughout with an approved supervised sprinkler system, corridor partitions are allowed to terminate at the ceiling if the ceiling is constructed to limit the passage of smoke. The passage of smoke can be limited by an exposed, suspended-grid acoustical tile ceiling. The following ceiling features also limit the passage of smoke: sprinkler piping and sprinklers that penetrate the ceiling; ducted heating, ventilating, and air-conditioning (HVAC) supply and return-air diffusers; speakers; and recessed lighting fixtures. (For full text and any exceptions, refer to NFPA 101-2000: 19.3.6.2.1 and 19.3.6.2.2)

Scoring Category :C

Score:

Partial Compliance

11. Corridor doors are fitted with positive latching hardware, are arranged to restrict the movement of smoke, and are hinged so that they swing. The gap between meeting edges of door pairs is no wider than 1/8 inch, and undercuts are no larger than 1 inch. Roller latches are not acceptable.



Note: For existing doors, it is acceptable to use a device that keeps the door closed when a force of 5 foot-pounds are applied to the edge of the door. (For full text and any exceptions, refer to NFPA 101-2000: 18/19.3.6.3.2, 18/19.3.6.3.1, and 7.2.1.4.1)

Scoring Category :C

Score:

Partial Compliance

Organization Identification Number: 3942

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Observation(s):

EP 6

§482.41(b)(1)(i) - (A-0710) - (i) The hospital must meet the applicable provisions of the 2000 edition of the Life Safety Code of the National Fire Protection Association. The Director of the Office of the Federal Register has approved the NFPA 101®2000 edition of the Life Safety Code, issued January 14, 2000, for incorporation by reference in accordance with 5 U.S.C. 552(a) and 1 CFR part 51. A copy of the Code is available for inspection at the CMS Information Resource Center, 7500 Security Boulevard, Baltimore, MD or at the National Archives and Records Administration (NARA). For information on the availability of this material at NARA, call 202-741-6030, or go to: http://www.archives.gov/federal_register/code_of_federal_regulations/ibr_locations.html.

Copies may be obtained from the National Fire Protection Association, 1 Batterymarch Park, Quincy, MA 02269. If any changes in this edition of the Code are incorporated by reference, CMS will publish notice in the Federal Register to announce the changes.

This Standard is NOT MET as evidenced by:

Observed in Building Tour at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During the building tour, it was observed that there was an excessive gap around the sprinkler escutcheon in the corridor outside of the Dietary Can Storage Room.

Observed in Building Tour at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During the building tour, it was observed that was a ceiling tile missing in the Dietician's office that was fire sprinkler protected.

EP 11

§482.41(b)(1)(i) - (A-0710) - (i) The hospital must meet the applicable provisions of the 2000 edition of the Life Safety Code of the National Fire Protection Association. The Director of the Office of the Federal Register has approved the NFPA 101®2000 edition of the Life Safety Code, issued January 14, 2000, for incorporation by reference in accordance with 5 U.S.C. 552(a) and 1 CFR part 51. A copy of the Code is available for inspection at the CMS Information Resource Center, 7500 Security Boulevard, Baltimore, MD or at the National Archives and Records Administration (NARA). For information on the availability of this material at NARA, call 202-741-6030, or go to: http://www.archives.gov/federal_register/code_of_federal_regulations/ibr_locations.html.

Copies may be obtained from the National Fire Protection Association, 1 Batterymarch Park, Quincy, MA 02269. If any changes in this edition of the Code are incorporated by reference, CMS will publish notice in the Federal Register to announce the changes.

This Standard is NOT MET as evidenced by:

Observed in Building Tour at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During the building tour, it was observed that there was an excessive gap between the Dietary Suite entry door at the dishroom.

Observed in Building Tour at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During the building tour, it was observed that the double doors leading to the Diagnostic Imaging suite did not close properly as one leaf was getting caught on the astragal.

Chapter: Medication Management

Program: Hospital Accreditation

Standard: MM.04.01.01

Standard Text: Medication orders are clear and accurate.

Primary Priority Focus Area: Medication Management

Organization Identification Number: 3942

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ESC 45 days

Element(s) of Performance:

13. The hospital implements its policies for medication orders.



Scoring Category :C

Score:

Insufficient Compliance

Observation(s):

EP 13

§482.23(c)(2) - (A-0406) - (2) With the exception of influenza and pneumococcal polysaccharide vaccines, which may be administered per physician-approved hospital policy after an assessment of contraindications, orders for drugs and biologicals must be documented and signed by a practitioner who is authorized to write orders by hospital policy and in accordance with State law, and who is responsible for the care of the patient as specified under §482.12(c).

This Standard is NOT MET as evidenced by:

Observed in Individual Tracer at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During a patient tracer, it was noted that a order was written for ativan 1mg q6 hours prn. There was no indication for the orn medication as required by hospital policy.

Observed in Record Review at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During a patient tracer, it was noted that a tylenol order was written PRN but did not have an indication for use. The order was written on 4/27/11.

Observed in Individual Tracer at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site. During an individual tracer it was noted that there was a telephone order for Zofran PRN did not specify the reason for the medication. In addition, the same telephone order contained the following: "Phenergan 12.5 mg PR or IM Q" without specifying the frequency of the medication.

Observed in Individual Tracer at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site. During an individual tracer it was noted that there was a PRN order for morphine sulfate without specifying the reason for the order.

Chapter:

Provision of Care, Treatment, and Services

Program:

Hospital Accreditation

Standard:

PC.01.03.01

ESC 45 day

Standard Text:

The hospital plans the patient's care.

Primary Priority Focus Area:

Assessment and Care/Services

Element(s) of Performance:

1. The hospital plans the patient's care, treatment, and services based on needs identified by the patient's assessment, reassessment, and results of diagnostic testing. (See also RC.02.01.01, EP 2)



Scoring Category :C

Score:

Insufficient Compliance

Observation(s):

EP 1

§482.23(b)(4) - (A-0396) - (4) The hospital must ensure that the nursing staff develops, and keeps current, a nursing care plan for each patient.

This Standard is NOT MET as evidenced by:

Observed in Individual Tracer at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During a patient tracer, it was noted that a care plan that was written for a patient in the ICU. The patient had multiple medical problems but the only problem noted by the nursing staff was gas exchange for respiratory problems.

Observed in Individual Tracer at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During a patient tracer in the ICU, it was noted that multiple patients in the ICU had the same nursing care plan and the only care plan was to provide proper gas exchange for respiratory care. These patients had multiple medical problems requiring several nursing care goals.

Observed in Record Review at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During a record review, it was noted that the care plan only was to improve gas exchange. The patient had multiple medical problems to include, anemia, hyperglycemia, weakness, restraints, and renal failure. None of these were noted in the nursing care plan.

Chapter:

Provision of Care, Treatment, and Services

Program:

Hospital Accreditation

Standard:

PC.03.01.05

ESC 45 days

Standard Text:

The hospital monitors the patient during operative or other high-risk procedures and/or during the administration of moderate or deep sedation or anesthesia.

Primary Priority Focus Area:

Assessment and Care/Services

Element(s) of Performance:

1. During operative or other high risk procedures, including those that require the administration of moderate or deep sedation or anesthesia, the patient's oxygenation, ventilation, and circulation are monitored continuously. (See also RC.02.01.03, EP 8)



Scoring Category : A

Score:

Insufficient Compliance

Observation(s):

EP 1

Observed in Record Review at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site. During the administration of moderate sedation, the nurse monitored the LOC of the patient but not within the defined parameters of the 4 levels of sedation as defined in the hospital's policy. They used phrases such as, sleeping and drowsy to describe LOC.

Observed in Record Review at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site. During the administration of moderate sedation, the nurse monitored the LOC of the patient but not within the defined parameters of the 4 levels of sedation as defined in the hospital's policy. They used phrases such as, sleeping and drowsy to describe LOC.

Chapter:

Provision of Care, Treatment, and Services

Program:

Hospital Accreditation

Organization Identification Number: 3942

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Standard:

PC.03.05.05

ESC 60 days

Standard Text:

For hospitals that use Joint Commission accreditation for deemed status purposes:

The hospital initiates restraint or seclusion based on an individual order.

Primary Priority Focus Area:

Information Management

Element(s) of Performance:

2. For hospitals that use Joint Commission accreditation for deemed status purposes: The hospital does not use standing orders or PRN (also known as 'as needed') orders for restraint or seclusion.



Scoring Category : A

Score:

Insufficient Compliance

Observation(s):

§482.13(e)(6) - (A-0169) - (6) Orders for the use of restraint or seclusion must never be written as a standing order or on an as needed basis (PRN).

This Standard is NOT MET as evidenced by:

Observed in Record Review at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the

Hospital deemed service.

During a record review, it was noted that a physician wrote an order to apply restraints if needed. Hospital policy stated that PRN orders for restraints is not allowed.

Observed in Record Review at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During record review, it was noted that a telephone order stated, "restraints prn" on 6/7/11. PRN restraints are not allowed.

Chapter:

Provision of Care, Treatment, and Services

Program:

Hospital Accreditation

Standard:

PC.03.05.15

ESC 60 days

Standard Text:

For hospitals that use Joint Commission accreditation for deemed status purposes:

The hospital documents the use of restraint or seclusion.

Primary Priority Focus Area:

Information Management

Element(s) of Performance:

1. For hospitals that use Joint Commission accreditation for deemed status purposes: Documentation of restraint and seclusion in the medical record includes the following:



- Any in-person medical and behavioral evaluation for restraint or seclusion used to manage violent or self-destructive behavior
- A description of the patient's behavior and the intervention used
- Any alternatives or other less restrictive interventions attempted
- The patient's condition or symptom(s) that warranted the use of the restraint or seclusion
- The patient's response to the intervention(s) used, including the rationale for continued use of the intervention
- Individual patient assessments and reassessments
- The intervals for monitoring
- Revisions to the plan of care
- The patient's behavior and staff concerns regarding safety risks to the patient, staff, and others that necessitated the use of restraint or seclusion
- Injuries to the patient
- Death associated with the use of restraint or seclusion
- The identity of the physician, clinical psychologist, or other licensed independent practitioner who ordered the restraint or seclusion
- Orders for restraint or seclusion
- Notification of the use of restraint or seclusion to the attending physician
- Consultations

Note: The definition of 'physician' is the same as that used by the Centers for Medicare & Medicaid Services (CMS) (refer to the Glossary).

Scoring Category :C

Score:

Insufficient Compliance

Observation(s):

Organization Identification Number: 3942

Page 15 of 20

The Joint, Commission

EP 1

§482.13(e)(16)(iii) - (A-0186) - [When restraint or seclusion is used, there must be documentation in the patient's medical record of the following:]

(iii) Alternatives or other less restrictive interventions attempted (as applicable).

This Standard is NOT MET as evidenced by:

Observed in Record Review at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the

Hospital deemed service.

During record review of restraints, it was noted that the comprehensive order sheet had multiple areas that were not completed. One area that was required is the alternative or less restrictive interventions was not filled out. The patient's response to the intervention(s) used, including the rationale for continued use of the intervention were not documented.

Observed in Record Review at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the

Hospital deemed service.

During record review of restraints, patient #2, it was noted that the comprehensive order sheet had multiple areas that were not completed. One area that was required is the alternative or less restrictive interventions was not filled out. The patient's response to the intervention(s) used, including the rationale for continued use of the intervention were not documented.

Observed in Record Review at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the

Hospital deemed service. During record review of restraints, it was noted that the comprehensive order sheet had multiple areas that were not completed. One area that was required is the alternative or less restrictive interventions was not filled out. The patient's response to the intervention(s) used, including the rationale for

continued use of the intervention were not documented. The patient's condition or symptom(s) that warranted the use of the restraint

or seclusion was not completed on the order form as required.

Chapter:

Provision of Care, Treatment, and Services

Program:

Hospital Accreditation

Standard:

PC.04.01.05

ESC 45 days

Standard Text:

Before the hospital discharges or transfers a patient, it informs and educates the patient about his or her follow-up care, treatment, and services.

Primary Priority Focus Area:

Communication

Element(s) of Performance:

2. Before the patient is discharged, the hospital informs the patient, and also the patient's family when it is involved in decision making or ongoing care, of the kinds of continuing care, treatment, and services the patient will need.



Scoring Category :C

Score:

Insufficient Compliance

8. The hospital provides written discharge instructions in a manner that the patient and/or the patient's family or caregiver can understand. (See also RI.01.01.03, EP 1)



Scoring Category :C

Score:

Partial Compliance

Observation(s):

Organization Identification Number: 3942

Page 16 of 20

The Joint₄Commission Findings

EP 2

§482.43(c)(5) - (A-0822) - (5) As needed, the patient and family members or interested persons must be counseled to prepare them for post-hospital care.

This Standard is NOT MET as evidenced by:

Observed in Record Review at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During a record review, it was noted that a patient was discharged after moderate sedation but no instructions were given to the patient that addressed continuing care of the patient after moderate sedation.

Observed in Record Review at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During a record review, it was noted that a patient was discharged after moderate sedation but no instructions were given to the patient that addressed continuing care of the patient after moderate sedation.

Observed in Record Review at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During a record review, it was noted that a patient was discharged after moderate sedation but no instructions were given to the patient that addressed continuing care of the patient after moderate sedation.

EP8

Observed in Record Review at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site. During review of a closed medical record it was identified that the discharge instructions given to the patient was not written in a manner the patient could understand. The abbreviations SOB, N/V, F/U, abd were included in the instructions. In addition, "as tol" and an up arrow were used.

Observed in Record Review at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site. During review of a closed medical record it was noted that the hand-written discharge instructions given to the patient were not easy to read due to a degree of illegibility.

Chapter: Record of Care, Treatment, and Services

Program: Hospital Accreditation

Standard: RC.01.01.01

The hospital maintains complete and accurate medical records for each individual

patient.

Primary Priority Focus Area: Information Management

Element(s) of Performance:

19. For hospitals that use Joint Commission accreditation for deemed status purposes: All entries in the medical record, including all orders, are timed.

4

ESC 60 days

Scoring Category :C

Score: Insufficient Compliance

Observation(s):

Standard Text:

Organization Identification Number: 3942

Page 17 of 20

EP 19

§482.24(c)(1)(i) - (A-0454) - (i) All orders, including verbal orders, must be dated, timed, and authenticated promptly by the ordering practitioner, except as noted in paragraph (c)(1)(ii) of this section.

This Standard is NOT MET as evidenced by:

Observed in Individual Tracer at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During a patient tracer, it was noted that a physician did not date or time the medication order written on 1/8/12. Hospital policy states all orders must be dated and timed.

Observed in Individual Tracer at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During a patient tracer, it was noted that a physician did not date or time the authentication of the telephone order written on 1/9/12. Hospital policy states all orders must be dated and timed.

Observed in Individual Tracer at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During a patient tracer, it was noted that a physician did not date or time the medication order written on 1/6/12. Hospital policy states all orders must be dated and timed.

§482.24(c)(1) - (A-0450) - (1) All patient medical record entries must be legible, complete, dated, timed, and authenticated in written or electronic form by the person responsible for providing or evaluating the service provided, consistent with hospital policies and procedures.

This Standard is NOT MET as evidenced by:

Observed in Individual Tracer at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During an individual tracer it was noted that neither a physician order dated 1/9/12 nor a progress note written on 1/10/12 had the time documented.

Observed in Individual Tracer at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During an individual tracer it was identified that a respiratory assessment dated 1/9/12 had not been timed. Also the Pneumonia protocol had not been signed, dated or timed.

Observed in Individual Tracer at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During an individual tracer it was noted that three telephone orders had been signed by the physician but not dated or timed.

Observed in Individual Tracer at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During an individual tracer it was identified that the ED physician record had not been dated.

Observed in Individual Tracer at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During an individual tracer it was noted that two physician orders had been dated but not timed. Also, an authorization for psychotropic medications had been signed and dated but not timed.

Observed in Individual Tracer at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During an individual tracer it was noted that two yellow stickers related to continuation of Foley catheters had been signed but not dated or timed.

Observed in Individual Tracer at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During an individual tracer it was identified that a POST form had been signed and dated but not timed.

Observed in Individual Tracer at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

Organization Identification Number: 3942

Page 18 of 20

During an individual tracer it was noted that the medication reconciliation admission for dated or timed.	m had been signed but not

The $Joint_4Commission$



CA

Woods Memorial Hospital, LLC 886 Highway 411, North Etowah, TN 37331

Organization Identification Number: 3942

Program(s)
Laboratory Accreditation

Survey Date(s) 09/09/2013-09/10/2013

Executive Summary

Laboratory Accreditation:

As a result of the accreditation activity conducted on the above date(s), Requirements for Improvement have been identified in your report.

You will have follow-up in the area(s) indicated below:

• Evidence of Standards Compliance (ESC)

If you have any questions, please do not hesitate to contact your Account Executive.

Thank you for collaborating with The Joint Commission to improve the safety and quality of care provided to patients.

Organization Identification Number: 3942

Page 1 of 8

The Joint ⊈pmmission Summary of Findings

Evidence of DIRECT Impact Standards Compliance is due within 45 days from the day the survey report was originally posted to your organization's extranet site:

Program:

Laboratory Accreditation

Program

Standards:

NPSG.01.01.01

EP2

QSA.05.18.01

EP7

Evidence of INDIRECT Impact Standards Compliance is due within 60 days from the day the survey report was originally posted to your organization's extranet site:

Program:

Laboratory Accreditation

Program

Standards:

HR.01.06.01

EP18

QSA.01.01.01

EP5

QSA.02.03.01

EP3

QSA.02.04.01

EP6

WT.05.01.01

EP3

The Joint₄Commission Findings

Chapter:

Human Resources

Program:

Laboratory Accreditation

Standard:

HR.01.06.01

ESC 60 days

Standard Text:

Staff are competent to perform their responsibilities.

Primary Priority Focus

Staffing

Area:

Element(s) of Performance:

18. The staff member's competency assessment includes the following:



- Direct observations of routine patient test performance, including patient preparation, if applicable, and specimen collection, handling, processing, and testing

- Monitoring, recording, and reporting of test results

- Review of intermediate test results or worksheets, quality control, proficiency testing, and preventive maintenance performance
- Direct observation of performance of instrument maintenance function checks and calibration
- Test performance as defined by laboratory policy (for example, testing previously analyzed specimens, internal blind testing samples, external proficiency, or testing samples)
- Problem-solving skills as appropriate to the job (See also WT.03.01.01, EP 6)

Scoring

Category:

С

Score:

Partial Compliance

Observation(s):

EP 18

Observed in Competency Session at Woods Memorial Hospital, LLC (886 Highway 411 North, Etowah, TN) site for CLIA #(s) 44D0309512.

Competency requirement for per diem respiratory staff did not include all six required assessment elements as listed above. In practice, none of the per diem staff were required to perform external liquid QC.

Observed in Competency Session at Woods Memorial Hospital, LLC (886 Highway 411 North, Etowah, TN) site for CLIA #(s) 44D0309512.

Competency requirement for per diem respiratory staff did not include all six required assessment elements as listed above. In practice, none of the per diem staff were required to perform external liquid QC. This was found in three per diem staff files.

Chapter:

National Patient Safety Goals

Program:

Laboratory Accreditation

Standard:

NPSG.01.01.01

(ESC 45 days)

Standard Text:

Use at least two patient identifiers when providing laboratory services.

Primary Priority Focus

Patient Safety

Area:

Organization Identification Number: 3942

Page 3 of 8

The Joint Commission Findings

Element(s) of Performance:

2. Label containers used for blood and other specimens in the presence of the patient.



Scoring

Category:

Α

Score:

Insufficient Compliance

Observation(s):

EP 2

Observed in Tracer Visit at Woods Memorial Hospital, LLC (886 Highway 411 North, Etowah, TN) site for CLIA #(s) 44D0309512.

Approximately 40% of the blood gas syringes in the sharps container by the i-stat blood gas instrument were unlabeled. The sample container must be labeled in the presence of the patient and maintained throughout the analytic process (pre through post).

Chapter:

Quality System Assessment for Nonwaived Testing

Program:

Laboratory Accreditation

Standard:

Standard Text:

QSA.01.01.01

ESC 60 days

The laboratory participates in Centers for Medicare & Medicaid Services (CMS)-

approved proficiency testing programs for all regulated analytes.

Note: This participation in the proficiency testing program includes the specialty of Microbiology, and subspecialties of Bacteriology, Mycobacteriology, Mycology,

Parasitology, and Virology; the specialty of Diagnostic Immunology, and subspecialties

of Syphilis Serology and general Immunology; the specialty of Chemistry, and subspecialties of routine Chemistry, Endocrinology, and Toxicology; the specialty of Hematology (including routine Hematology and Coagulation); the subspecialty of

Cytology (limited to gynecologic examinations); and the specialty of

Immunohematology (ABO group and Rho(D) typing, unexpected antibody detection,

compatibility testing, and antibody identification).

Primary Priority Focus

Area:

Organizational Structure

The Joint Commission Findings

Element(s) of Performance:

5. For each specialty, subspecialty, analyte, or test, the laboratory's proficiency testing results meet satisfactory performance criteria in accordance with law and regulation.

Note 1: Satisfactory performance criteria in the Clinical Laboratory Improvement Amendments of 1988 (CLIA '88), Subpart H, include the following:

- Participating in a proficiency testing event. Failure to participate in a proficiency testing event results in a score of 0 for the testing event.

- Attaining a score of at least 80% for all specialties, subspecialties, or tests, except ABO group and Rho(D) typing and compatibility testing

- Attaining a score of 100% for ABO group and Rho(D) typing or compatibility testing

- Returning proficiency testing results to the proficiency testing provider within the time frame specified by that provider. Failure to return proficiency testing results to the proficiency testing provider within the time frame specified by that provider results in a score of 0 for the testing event.

- Submitting all results on the proficiency testing form. Omission of results could lead to a failure of attaining the score necessary for satisfactory performance.

Note 2: Most proficiency testing events with fewer than 10 participants automatically result in a score of 100% for the event. These challenges are not sufficient for demonstrating that the laboratory has met satisfactory performance criteria. If this occurs, laboratories must supplement with either interlaboratory comparisons as specified under QSA.01.05.01 or non–Centers for Medicare & Medicaid Services (CMS)–approved proficiency testing provided by the instrument manufacturer.

(For proficiency testing events in which the laboratory achieves satisfactory performance but has unacceptable proficiency testing results, see also QSA.01.02.01, EP 2)

Scoring

Category:

С

Score:

Insufficient Compliance

Observation(s):

EP 5

Observed in Proficiency Testing at Woods Memorial Hospital, LLC (886 Highway 411 North, Etowah, TN) site for CLIA #(s) 44D0309512.

The laboratory received unsatisfactory scores for Acetaminophen (60%), TIBC (calculated-40%) and Salicylates (60%) in the 3rd event of 2011. All remedial action was documented.

Observed in Proficiency Testing at Woods Memorial Hospital, LLC (886 Highway 411 North, Etowah, TN) site for CLIA #(s) 44D0309512.

The laboratory received an unsatisfactory score of 20% for salicylates in the 3rd event of 2012. Remedial action was documented.

Observed in Proficiency Testing at Woods Memorial Hospital, LLC (886 Highway 411 North, Etowah, TN) site for CLIA #(s) 44D0309512.

The laboratory received unsatisfactory scores of 60% for salicylates, 50% ammonia and 0% for Free PSA in the 2nd event of 2013. Remedial action was documented.

Chapter:

Quality System Assessment for Nonwaived Testing

Organization Identification Number: 3942

Page 5 of 8



The Joint_Commission

Program:

Laboratory Accreditation

Standard:

QSA.02.03.01

ESC 60 days

Standard Text:

The laboratory performs calibration verification.

Primary Priority Focus

Analytic Procedures

Area:

Element(s) of Performance:

3. Calibration verification is performed every six months. Note: Semiannual calibration verification is not required when the laboratory performs calibration at least once every six months using three or more levels of calibration materials that include a low, mid, and high value.



Scoring

Category:

Score:

Insufficient Compliance

Observation(s):

Observed in Regulatory Review at Woods Memorial Hospital, LLC (886 Highway 411 North, Etowah, TN) site for CLIA #(s) 44D0309512.

The laboratory was not performing calibration verification every six months for d-dimer testing as required.

Chapter:

Quality System Assessment for Nonwaived Testing

Program:

Laboratory Accreditation

Standard:

QSA.02.04.01

ESC 60 days

Standard Text:

The laboratory evaluates instrument-based testing with electronic or internal systems

prior to using them for routine quality control.

Primary Priority Focus

Area:

Analytic Procedures

Element(s) of Performance:

6. The laboratory performs external quality controls at the following frequencies:



- As defined by the evaluation (either weekly or monthly)
- According to the manufacturer's recommendations
- With each new lot number, shipment, or package of reagents

The external quality control results are documented.

Scoring

Category:

Score:

Insufficient Compliance

Observation(s):

EP 6

Observed in Document Review at Woods Memorial Hospital, LLC (886 Highway 411 North, Etowah, TN) site for CLIA # (s) 44D0309512.

The external blood gas controls were not performed monthly as required for blood gas testing on the i-stat analyzers. The longest period was from 5/3/2013 to 6/21/2013 or 49 days. Another period was 37 days and many were over 34 days. Monthly means every 31 days and not during the month.

The Joint Commission Findings

Chapter: Quality System Assessment for Nonwaived Testing

Program: Laboratory Accreditation

Standard: QSA.05.18.01

Standard Text: The organization has policies and procedures to monitor and evaluate the patient and

report suspected transfusion-related adverse events.

Primary Priority Focus Communication

Area:

Element(s) of Performance:

7. The organization follows its policies and procedures that guide the monitoring of the patient and the reporting of suspected transfusion-related adverse events during blood and blood component administration.



ESC 60 day

ESC 45 days

Scoring

Category: A

Score: Insufficient Compliance

Observation(s):

EP 7

Observed in Tracer Activities at Woods Memorial Hospital, LLC (886 Highway 411 North, Etowah, TN) site for CLIA # (s) 44D0309512.

Nine units given in the OR over five hours (1300-1800 hrs) on one patient did not have start or stop times. The anesthesia record had temperatures every 30 minutes but without start/ stop times it was not able to be determined if 15 minute vitals were monitored. One unit given in the ED under emergency release and one unit given in the OR for another patient did not have the signatures of the two nurses who confirm identity of patient to unit. In both examples above staff did not follow policy and procedure.

Chapter: Waived Testing

Program: Laboratory Accreditation

Standard: WT.05.01.01

Standard Text: The organization maintains records for waived testing.

Primary Priority Focus Information Management

Area:

The Joint Commission Findings

Element(s) of Performance:

3. Quantitative test result reports in the patient's clinical record for waived testing are accompanied by reference intervals (normal values) specific to the test method used and the population served. (See also DC.02.03.01, EP 14)



Note 1: Semiquantitative results, such as urine macroscopic and urine dipsticks, are not required to comply with this element of performance. Note 2: If the reference intervals (normal values) are not documented on the same page as and adjacent to the waived test result, they must be located elsewhere within the patient's permanent clinical record. The result must have a notation directing the reader to the location of the reference intervals (normal values) in the patient's clinical record.

Scoring

Category:

Α

Score:

Insufficient Compliance

Observation(s):

FP 3

Observed in Tracer Activities at Woods Memorial Hospital, LLC (886 Highway 411 North, Etowah, TN) site for CLIA # (s) 44D0309512.

The whole blood glucose values documented in the patient's diabetic record were not accompanied by reference range nor an annotation to where it could be found.



Woods Memorial Hospital Etowah, Tennessee (423) 263-3600

Woods Memorial Home Health Agency Etowah, Tennessee (423) 263-3628

McMinn Memorial Nursing Home Etowah, Tennessee (423) 263-3647

Woods Regional Dialysis Center Etowah, Tennessee (423) 263-3666

Woods Multi-Specialty Clinic Etowah, Tennessee (423) 263-3743

McMinn Co.Ambulance Service, Inc. Athens, Tennessee (423) 745-3336

Woods Memorial Auxiliary Etowah, Tennessee (423) 263-3627

Woods Memorial Occupational Health Etowah, Tennessee (423) 263-6154 May 23, 2006

Faye Vance, RN, BS, MSN Public Health Nurse Consultant Manager Tenn. Department of Health 5904 Lyons View Pike, Building 1 Knoxville, Tennessee 37939

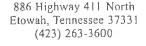
Dear Ms. Vance:

Enclosed please find our revised Plan of Correction in response to the April 25, 2006 survey completed at Woods Memorial Hospital. This Plan of Correction has been revised from our May 18 response to include appropriate dates.

Please contact my office immediately if any other items are needed.

Sincerely,

David M. Southerland Administrator/CEO



Division	of Health Care Faci	lities					Γ		
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STATE FORM

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H 677 1200-8-1-.06 (4)(f) Basic Hospital Functions

(4) Nursing Services.

at home.

(f) The hospital must ensure that an appropriate individualized plan of care is available for each patient.

This Statute is not met as evidenced by: Based on medical record review and interview, the facility failed to provide care planning for diabetes and coordination for dialysis for one (#7) of thirteen patients sampled.

The findings included:

H 677

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STATEMENT	of Health Care Fac r of DEFICIENCIES OF CORRECTION	(X1) PROVIDER/SUPPLIE IDENTIFICATION NUI	R/CLIA MBER:	5 7 _{(X2) MULT} A. BUILDIN B. WING _	G	STRUCTION	(X3) DATE SI COMPLE	
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	Patient #7 was adr 6, 2006, with diagn Seizure Disorder, a was transferred fro to the Emergency I consciousness and Medical record revelevated blood gluddrawn on admission patient's blood gluddrawn, 89, 11:00 a.m., a.m., 89, 11:00 a.m., 206; March 7, 2006; March 7	nitted to the hospital oses to include Diabland Renal Failure. The model of the out-patient dia Department with a lost was subsequently a few revealed the paticose as follows: lab war, March 6, 2006, recose to be 654 (norm blood sugars as follows: 333, March 7, 2005, n., 4:00 p.m., 115, 9:05, 7:00 a.m., 72, 11:00 rd review revealed the sthe patient's diabete the dialysis clinic. In Nursing on April 25, ned the care plan did t's diabetes or renal for the di	etes, he patient lysis clinic es of dmitted. ent had vork vealed the al ws: March 7:00 00 p.m., 0 a.m., e care tes or e was sterview 2006, at not failure.		2.	Inservice the nursing of deficiencies. Dates: ICU - 5/18/06 Med -Surgical - 5/22/06, 5/23/06, 5/31/06 Discuss development appropriate care plan related to patient's ho admission. Development of Dialy Transfer Form- May 2006, implementation 5/22/06. Documentation patient's care, labs, medication record, et also phone communic with dialysis nurse.	of espital esis l, ction of c., and	
Н 681	(4) Nursing Service (j) All drugs, device administered by	Basic Hospital Functions es. ces and related mate y, or under the super- ersonnel in accordance	rials must vision of,	H 681	3.	Audit patient's medic record daily and repo deficient practices for timely improvement charge nurse. To be	rt :	

federal and state laws and regulations, including

applicable licensing requirements, and in

This Statute is not met as evidenced by: Based on observation, facility policy review and interview, the facility failed to follow the policy related to care of a central intravenous (I.V.) line for one patient (#4) and two patients (#4, #2) I.V.

policies and procedures

accordance with the approved medical staff

unit secretary and ICU

nursing staff.

performed by med-surgical

Division	of Health Care Faci	lities							
STATEMEN	T OF DEFICIENCIES DF CORRECTION	(X1) PROVIDER/SUPPLIE IDENTIFICATION NUI	R/CLIA 1 MBER:	A. BUILDING	()			SURVEY LETED	
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H 681	with the facility's ap and procedures. Ir use the auditory also device of one patie. The findings includ. Observation on Aprevealed two patier receiving I.V. there one of the two patier intravenous line who dressing, but the awas not present. Adated from time the Observation of patireceiving I.V. there have a label. Review of the facility Permeable Transpand Central Line IV. Central IV, remove 48-72 hours Place transparent dressing itself: the dressing change, in dressing had not be 2006, (six days). Crevealed the reside the I.V. tubing was tubing began to be IV Policy revealed, every seventy two labeled with a stick or date changed." nurse (RN) on Apriconfirmed patient for the still resident of the patient of the still resident of the confirmed patient of the still resident of the confirmed patient of the still resident of the confirmed patient of the still resident of the still resid	ated and labeled in a proved medical staff a addition, the facility arms to monitor the to nt in the intensive ca	policies failed to elemetry re unit. o.m., it vealed al dressing as not used. patient of did not veripheral For ear the er of	H 681	2.	Inservice all nursing on deficiencies. Rev present policies for appropriate documer of dressing changes a labeling for IV tubin changes. Dates: ICU - 5/18/06 Surgery/SDS - 5/22/06 Emergency Room - 5/22 5/24/06 Med-Surgical - 5/22/06, 5/23/06, 5/31/06 Daily chart audits of documentation of drechanges, labeling of tubing, and surveillar rounds by the charge for compliance of polypotential for the dressing change 48 to 72 hours as evily documentation or dressing site and pat medical record. Residual data will be reported quarterly PI meeting starting July, 2006.	ntation and g 2/06 & essing IV nce enurse olicies. PI eentral every idenced in the ient's sults of lin		

Division of Health Care Facilities

~V. 9. 4.	fill all Com Faci	litios					FORM	APPROVE
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H 681	I.V. dressing sites of dated. Observation of the April 24, 2006, at 2 telemetry monitor a position for a patier different floor in the ICU nurse manage revealed the telempatient's cardiac rh that has quit beatin "on." Interview with revealed, "if a patie the floor we cannot Interview with the r 2006, at 2:50 p.m., adequately monitor 1200-8-106 (5)(d) (5) Medical Record (d) The hospital metal for each inpatient at the state of t	intensive care unit (I :45 p.m., revealed the larms turned to the halarms turned to the halarms turned to the hospital. Interviewer at the time of discovery monitor interpret bythm as "asystole" (and interpret the nurse manager ent is admitted to that interpret the rhythm hurse manager on Applications on the cardiac rhythm. Basic Hospital Functions outpatient. Mediand outpatient. Mediand outpatient.	CU) on the company of	H 689	4.5.6.7.	Inservice all ICU nurstaff on 5/18/06 of deficiency and not to off cardiac monitor atime. Moved telemetry pa April 24, 2006 from #5 to room #41 whe reception for cardiac monitor was visible recording. Reported problems telemetry monitorin rooms #5-9 to the b medical technician 24, 2006. Bio-medical technician evaluated telemetry antennas on med-su and ICU unit on 4/2	tient on room re c for with g for io-on April	
	records must be a properly filed and r	ccurate, promptly cor etained, and access	mpleted, ible. The			On 5/8/06 cleaned a		

hospital must use a system of author

identification and record maintenance that

protects the security of all record entries.

This Statute is not met as evidenced by:

order for one of two medication pass

ensures the integrity of the authentication and

Based on medical record review and interview,

the facility failed to maintain accurate medical records for one (#7) of thirteen patients sampled,

and failed to assure accuracy of a physician's

8899

areas and found the power

supply was bad for cardiac

monitoring in rooms #5-9

preventative maintenance

in the Safety Committee.

and will monitor and report

and replaced the power source. Bio-medical will

perform annual

		Del				$\begin{array}{cccccccccccccccccccccccccccccccccccc$	FORM	APPROVED
STATEMEN	of Health Care Faci t of DEFICIENCIES OF CORRECTION	(X1) PROVIDER/SUPPLIE IDENTIFICATION NU	R/CLIA 10 MBER	6 0 _{(X2) MULTI A. BUILDIN}		TRUCTION	(X3) DATE S COMPLE	
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H 689	6, 2006, with diagnous Seizure Disorder, a was transferred from to the Emergency Econsciousness and Medical record review of the MAR (1906). "NPH 70/30 15 ur 2006, "NPH 15 ur review of the MAR (1906) dated March 70/30" with the 70 MAR read "NPH of Nursing on April confirmed the initial have been crossed Director of Nursing order should have been		etes, a patient lysis clinic ss of idmitted. owing 006, arch 7, cal record tration 'NPH iking the Director .m., ould not with the maulin the MAR d accurate 125, gave the ns). R d, ecord 125, Interview it 2:10 (since R) to SR. 5, 2006,	H 689	2.	Inservice all nursing deficiencies. Review present policy of corprocedure in transcriand documentation appropriately on the Dates: ICU - 5/18/06 Surgery/SDS - 5/22/06 Emergency Room - 5/22/5/24/06 Med-Surgical - 5/22/06, 5/23/06, 5/31/06 Chart audit daily for documentation and opprocedure for appropriately on the performance of the procedure for appropriately and nursing the performance of	MAR. 2/06 & correct priate rmed to g staff. vill be any daily. ill be t's	

	eriya yan koro arekinda	346¥0.00 P0					, -,	
Division	of Health Care Faci	lities	1	61		ation to the second sec	(X3) DATE S	LIBV/EY
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H 689	Continued From pa			H 689				
11000		fy the intended order.						
H 706	1200-8-106 (6)(a) (6) Pharmaceutica	Basic Hospital Func Î Services.	tions	Н 706	1.	Inservice all nursing deficiencies. Dates: Med-Surgical - 5/22/06,		
	services that meet are in accordance. Pharmacy statutes staff is responsible procedures that mi	ust have pharmaceuthe needs of the patiwith the Tennessee Eand regulations. The for developing policinimize drug errors. The legated to the hospit ceutical service.	ents and Board of e medical es and This		2.	5/23/06, 5/31/06 Provided a thermome second refrigerator of surgical unit on May 2006.	n med-	
	Based on observat	met as evidenced by ion and interview, the quipment to safely steed one medication red.	e facility tore		3.	Log sheet provided f second refrigerator o med-surgical unit on 1, 2006 for documen of temperatures.	n the May	
	for medications on revealed the refrigorevealed the refrigorevealed the refrigoremperature sensiting injection (seizure in testing injection. It Medical Surgical U	medication room ref April 25, 2006, at 9:3 erator had no thermo atures recorded. Obserator contained the tive medications: Dila nedication) and tuber nterview with the Dire anit on April 25, 2006, the temperature of the	30 a.m., meter or servation following antin culin skin ector of the		4.	Daily surveillance of documentation of the refrigerator temperat for compliance. Medication nurses of surgical unit responsions checking refrigerator temperature log for eshift.	e ture log on med- sible for	
H 845	1200-8-107 (8)(a) Optional Hospital S	ervices	H 845				

(8) Pediatric Services.

							FORM	APPROVI
STATEMEN	of Health Care Facing of Deficiencies of Correction	(X1) PROVIDER/SUPPLIE IDENTIFICATION NU	R/CLIA	62 (X2) MULTI A. BUILDIN B. WING	G	TRUCTION	(X3) DATE S COMPLI	
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H 845 Continued From page 7			,	H 845	1.	Pediatric Narcan is na longer manufactured		
	shall provide appro supplies. This Statute is not Based on observat failed to maintain n in an emergency for	provides pediatric ser priate pediatric equip met as evidenced by ion and interview, the ecessary medication or one of two emerge	y: e facility		2.	Inservice staff on the calculation/education conversion table of a dosage to pediatric don 4/25/06.	e n on adult	
	for pediatric use. The findings includ Observation of the	ed: emergency cart on t		3.	Guidelines for diluti adult concentration l been approved by the	nave e		
	pediatric in-patient a.m., revealed the to include "Narca over sedation from Observation of the pediatric in-patient a.m., revealed no Naterview with the Fat 9:30 a.m., confir ordered "some till had not been made adult dosage to pe	floor on April 25, 200 emergency medication#2" (drug for tree pain medication). emergency cart on the floor on April 25, 200 Narcan was in the capharmacist on April 25 med the drug had be exampled to example available for staff to diatric dosage, and the tattempted to obtain	ons were eatment of the D6, at 9:30 rt. 2006, een sion table to convert he		•	Pharmacy and Thera Committee on 5/9/06 Diluting guidelines a dosing guidelines with added to each crash 4/25/06. Crash carts will be monitored monthly to outdated items and	6. and ill be cart on	

monitors will be put in place to add these guidelines to each crash

cart.

FORM APPROVED Division of Health Care Facilities X2) MULTIPLE CONSTRUCTION (X3) DATE SURVEY (X1) PROVIDER/SUPPLIER/CLIA STATEMENT OF DEFICIENCIES COMPLETED AND PLAN OF CORRECTION IDENTIFICATION NUMBER: A. BUILDING 01 - MAIN B. WING 04/25/2006 TNP53182 STREET ADDRESS, CITY, STATE, ZIP CODE NAME OF PROVIDER OR SUPPLIER 886 HIGHWAY 411 NORTH WOODS MEMORIAL HOSPITAL **ETOWAH, TN 37331** PROVIDER'S PLAN OF CORRECTION SUMMARY STATEMENT OF DEFICIENCIES ID (X4) ID (EACH CORRECTIVE ACTION SHOULD BE COMPLETE (EACH DEFICIENCY MUST BE PRECEDED BY FULL PREFIX PRÉFIX CROSS-REFERENCED TO THE APPROPRIATE DATE REGULATORY OR LSC IDENTIFYING INFORMATION) TAG TAG DEFICIENCY) H 871 1. H 871 | 1200-8-1-.08 (1) Building Standards Smoke detectors were moved on 4/26/06 in (1) The hospital must be constructed, arranged. Pharmacy and ICU soiled and maintained to ensure the safety of the utility cart room. A survey patient. was conducted on all rooms throughout hospital to find This Statute is not met as evidenced by: other detectors that may be Based on observation, the facility failed to assure in violation on 5/9/06. smoke detectors are installed in accordance with NFPA 72. Safety Officer will monitor The findings include: during semi-annual hazard surveillance rounds Observation on April 6, 2006 at 10:00 a.m. throughout hospital and revealed smoke detectors installed within three feet of the air diffuser in the following areas. reported to Safety Committee meetings. 1. Pharmacy. 2. ICU soiled utility room. 2. A large metal cabinet was moved on 4/26/06 in x-ray Based on observation, the facility failed to assure hallway in the presence of fire doors are clear and free from obstructions. x-ray director and surveyor. The findings include: Hazard surveillance rounds Observation on April 25, 2006 at 9:30 a.m. will be conducted by Safety revealed the fire doors in the X Ray department Officer semi-annually along were obstructed by a large metal cabinet with daily inspections by preventing them from opening.

Division of Health Care Facilities LABORATORY DIRECTOR'S OR PROVIDER SUPPLIER REPRESENTATIVE'S SIGNATURE

H 902 1200-8-1-.09 (2) Life Safety

UW1D21

H 902

(X6) DATE

MIDISTATOR/CFO

director.

Monitoring will be

Safety Officer to be

reported in Safety

Committee.

TITLE

performed by director and

for hospital personnel in each separate

(2) The hospital shall provide fire protection by

of necessary fire fighting equipment and by the adoption of a written fire control plan. Fire drills

the elimination of fire hazards, by the installation

shall be held at least quarterly for each work shift

patient-occupied hospital building. There shall be

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION

NAME OF PROVIDER OR SUPPLIER

(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER

164 (X2) MULTIPLE CONSTRUCTION A BUILDING

01 - MAIN

(X3) DATE SURVEY COMPLETED

04/25/2006

TNP53182

STREET ADDRESS, CITY, STATE, ZIP CODE

B WING_

WOODS	MEMORIAL HOSPITAL	886 HIGH ETOWAH,	WAY 411 NO TN 37331	IORTH
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H 902	a written report documenting the evaluate each drill and the action recommended for any deficiencies found. Records who document and evaluate these drills must maintained for at least three (3) years. which result in a response by the local formation department shall be reported to the department information to ascertain the national location of the fire, its probable cause a injuries incurred by any person or person result of the fire. Initial reports by the factorist the name(s) of patient(s) and participation of the facility shall provide string involved, however, should the department identities of such persons to be necessary investigation, the facility shall provide string information. Authority: T.C.A. §§4-5-202, 4-5-204, 68-11-204, 68-11-206, 68-11-209, and 68-11-216.	or taken ich st be All fires ire artment contain ature and any ons as a cility may es ent find the ary to an uch	H 902	 Pull stations for two exits were ordered for the lab on 4/26/06 from Building System Technology with installation and programming into hospital system by 5/29/06. The facility will access all means of egress daily to evaluate safety and compliance per NFPA 101. During planning and reconstruction phase a preassessment will be conducted for evaluation of Life Safety Codes per NFPA 101.
	This Statute is not met as evidenced be Based on observation, the facility failed necessary fire safety equipment is instance ensure the safety of all occupants. The findings include: Observation on April 25, 2006 at 11:15 revealed the lab area consist of 1188 s and has no manual fire alarm pull static exits. Observation on April 25, 2006 at 11:00 revealed at the west wing exit area abord ceiling, low voltage wires were attached existing sprinkler piping.	a.m. quare feet on at the a.m. ove the		 Low voltage wires were moved to adjacent hangers on 5/1/06. All maintenance staff will be inserviced in June 2006 and outside contracts will be inserviced prior to the beginning of work and instructed per NFPA 101 Life Safety Codes.

6899

FORM APPROVED Division of Health Care Facilities (X3) DATE SURVEY (X2) MULTIPLE CONSTRUCTION STATEMENT OF DEFICIENCIES (X1) PROVIDER/SUPPLIER/CLIA COMPLETED IDENTIFICATION NUMBER: AND PLAN OF CORRECTION 01 - MAIN A. BUILDING B. WING 04/25/2006 TNP53182 STREET ADDRESS, CITY, STATE, ZIP CODE NAME OF PROVIDER OR SUPPLIER 886 HIGHWAY 411 NORTH WOODS MEMORIAL HOSPITAL **ETOWAH, TN 37331** PROVIDER'S PLAN OF CORRECTION (X5) COMPLETE SUMMARY STATEMENT OF DEFICIENCIES 1D (EACH CORRECTIVE ACTION SHOULD BE (X4) ID (EACH DEFICIENCY MUST BE PRECEEDED BY FULL **PREFIX** DATE PRÉFIX CROSS-REFERENCED TO THE APPROPRIATE REGULATORY OR LSC IDENTIFYING INFORMATION) TAG TAG DEFICIENCY) District Safety Officer and Administrator will monitor for compliance during annual surveillance rounds.

Division of Health Care Facilities



STATE OF TENNESSEE DEPARTMENT OF HEALTH

OFFICE OF HEALTH LICENSURE AND REGULATION
EAST TENNESSEE REGION
5904 LYONS VIEW PIKE, BLDG. 1
KNOXVILLE, TENNESSEE 37919

May 2, 2006

Mr. David Southerland, Administrator Woods Memorial Hospital 886 highway 411 North Etowah TN 37331

Dear Administrator:

Enclosed is a Statement of Deficiencies which was developed as the result of the state licensure survey conducted at your facility on April 25, 2006. Corrective action must be achieved <u>prior to</u> June 10, 2006, the forty-fifth (45th) day from the date of survey. A revisit may be conducted to verify compliance.

Please develop a Plan of Correction for the deficiencies cited and return within ten (10) calendar days after receipt of this letter to:

Bureau of Health Licensure and Regulation Lakeshore Park, Building 1 5904 Lyons View Pike Knoxville, TN 37919

Your POC must contain the following:

- What corrective action(s) will be accomplished for those patients found to have been affected by the deficient practice;
- How you will identify other patients having the potential to be affected by the same deficiency practice and what corrective action will be taken;
- What measures will be put into place or what systemic changes you will make to ensure that the deficient practice does not recur; and,
- How the corrective action(s) will be monitored to ensure the deficient practice will not recur; i.e., what quality assurance program will be put into place.

If you have any questions, please contact this office at (865) 588-5656.

Sincerely,

Faye Vance, R.N., B.S., M.S.N.

Public Health Nurse Consultant Manager

FV:afl

Enclosure: 2567

SUPPLEMENTAL #1

COPY SUPPLEMENTAL-1

Starr Regional Medical Ctr.

CN1404-009

SUPPLEMENTAL- # 1 April 24, 2014 11:35am

DSG Development Support Group

April 24, 2014

Jeff Grimm, HSD Examiner Tennessee Health Services and Development Agency Andrew Jackson Building, 9th Floor 502 Deaderick Street Nashville, TN 37243

RE:

CON Application #1404-009

Starr Regional Medical Center (Etowah Campus)

Dear Mr. Grimm:

This letter responds to your recent request for additional information on this application. The items below are numbered to correspond to your questions. They are provided in triplicate, with affidavit. Information provided is from the applicant's management team.

1. Filing of the Application

The application was filed, in triplicate, on April 4, 2014. However, an affidavit did not accompany same. Please provide an affidavit with the application.

The affidavit for filing and the affidavit for this first supplemental response letter are attached at the end of this letter.

April 24, 2014 11:35am

Page Two April 24, 2014

2. Section A, Applicant Profile, Item 5

a. In addition to the copy of the management contract provided in the attachments to the application, please include a copy of corporate registration of the manager, Horizon Health, Lewisville, Texas and a list of facilities owned or managed in Tennessee, as documentation of the manager's experience with inpatient hospital geri-psychiatric unit management services. In your response, please also provide a brief description of the manager's organizational structure with brief bios of the management team affiliated with the project.

The Tennessee registration of the management company is attached after this page. Although this company is known as "Horizon Health" in the industry, its full legal name is Horizon Mental Health Management, LLC, dba Horizon Health Behavioral Health Services. It is a Texas company (its full name appears in the draft management contract provided in the original CON submittal).

In Tennessee, Horizon Health currently manages one other hospital-based geropsychiatric program at Livingston Regional Hospital, Livingston, Tennessee. Nationwide, Horizon Health manages more than 75 psychiatric programs based in hospitals. Horizon provides behavioral health services for all ages, from children to seniors, including inpatient, traditional outpatient, partial hospitalization, and intensive outpatient programs.

Horizon recruited SRMC Etowah's new Senior Care Program Director, Eden Jabaley, RN, who is employed by the hospital but is clinically supervised by Barbara Lang, RN, Horizon Health's Senior Vice President for Clinical Practice (based in Georgia), and administratively supervised by Michael Raisig, Vice President of Operations for Behavioral Health. The resumes of Mrs. Lang and Mrs. Jabaley are provided after this page. Also attached is the resume of Melissa Martin, the unit's Assistant Program Director.

b. Given the proposed management fee change and the upcoming changes to provide for weekly, M-F medical director coverage, what provisions are planned for adding another amendment to the current contract between the parties?

The parties expect to execute the new contract within the next 30 to 60 days, well in advance of the HSDA Board meeting at which this application will be heard. Its basic terms have been settled and are reflected in the financial projections in the application.

SUPPLEMENTAL-#1

April 24, 2014

Department Home | Contact Us | Search:

11:35an

Administrative Hearings | Business Services | Charitable Fundraising | Elections | Library & Archives | Publications



Business Services Online > Find and Update a Business Record

Business Information Search

As of April 18, 2014 we have processed all corporate filings received in our office through April 17, 2014 and all annual reports received in our office through April 17, 2014.

Click on the underlined control number of the entity in the search results list to proceed to the detail page. From the detail page you can verify the entity displayed is correct (review addresses and business details) and select from the available entity actions - file an annual report, obtain a certificate of existence, file an amendment, etc.

Search:		的图象的图像图像图像图像图像图像图像图像图像图像图像图像图像图像图像图像图像图像			曲並為對為關策	1-2 of 2		
	Search Name: Horizon Mental Health Management, LLC Control #: Active Entities Only:							
Control #	Entity Type	Name	Name Type	Name Status	Entity Filing Date	Entity Status		
000283174	LLC	HORIZON MENTAL HEALTH MANAGEMENT, L.L.C. DELAWARE	Entity	Inactive	08/26/1994	Inactive - Revoked (Administrative)		
<u>ø00263194</u>	LLC	Horizon Mental Health Management, LLC TEXAS	Entity	Active	03/03/1993	Active		
						1-2 of 2		

Information about individual business entities can be queried, viewed and printed using this search tool for free.

If you want to get an electronic file of all business entities in the database, the full database can be downloaded for a fee by <u>Clicking Here</u>.

Click Here for information on the Business Services Online Search logic.

Division of Business Services
312 Rosa L. Parks Avenue, Snodgrass Tower, 6th Floor
Nashville, TN 37243
615-741-2286
Email | Directions | Hours and Holidays

Teresa Eden Jabaley SUPPLEMENTAL-#1

April 24, 2014

Cleveland, TN • edenchamp@yahoo.com • (423) 716-5968

11:35am

Professional Goal:

To use my skills in the best possible way for achieving a company's goals and mission statement; while functioning in a highly ethical presentation and strive to be the *facility of choice* in the community. Lead by example and build a cohesive team.

Education:

University of Alabama at Birmingham (UAB) Birmingham, AL

BSN 1994

Work History:

Horizon Health Starr Regional Medical Center Athens/Etowah, TN Program Director, Senior Care

July 2013 – present Jan 2012 – July 2013

• Director of 10 bed acute care Geropsych unit

Brookdale Senior Living Regional RN Case Manager

Sept 2010-Jan 2012

- Management for four communities
- Supervision of the quality of care delivered to 200+ residents

Erlanger Hospital

Utilization Review Nurse/Case Management

Oct 2008-Mar 2011

- Chattanooga, TN
 - Utilization review for all Medicare/Commercial admissions (every weekend)
 - Interqual trained

Bradley Healthcare and Rehabilitation Center
Clinical Manager

Nov 2009-Sept 2010

Cleveland, TN

Manager of 35 bed skilled nursing unit

RiverTrust Solutions/BCBS Reconsideration Supervisor

Jan 2009-Jan 2010

SUPPLEMENTAL-#1

- Direct supervision of all nurse reviewers/Appeals Specialist
- April 24, 2014

Organize/maintain caseload and productivity

11:35am

- Education/training of all staff
- Human Resources/Staff meetings/Payroll/Quality management
- Attend all Medicare Appeal Hearings/ Collaboration with presiding judge

Memorial Hospital

July 2007- Sept 2007

CCU RN

Chattanooga, TN

· Direct care of patients in cardiac crisis

Morning Pointe Assisted Living Resident Services Director Chattanooga, TN

Sept 2007-Nov 2008

- All duties comparable to Director of Nursing position
- Marketing/Sales
- Occupational Health/Worker's Compensation/Risk Management

SkyRidge Medical Center Dec 2005-July 2007 ER Nurse/ /Pre-Op and Recovery/ Direct Assist to ER Manager Cleveland, TN

- Scheduling/payroll
- · Direct care of ER patients
- Occupational Health/Referral to Worker's Compensation department
- Contract Occupational Health for third party companies
- Drug testing for third party company injuries
- All task and duties assigned or delegated by ED manager

Carraway Methodist Medical Center CCU RN/Critical Care Transport RN Birmingham, AL

Feb 1997-Feb 2001

- Management of coronary care patients
- · Critical care transport of critically injured patients to higher level of care
- Patient care instructor to all radiology students at the Carraway Radiology Program

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Barbara A. Lang RN, BC

Contact 3126 Neal Court, Cumming, GA 30041 Cell 678 577 7111 Fax 972 420 8318

Education

Brockville Psychiatric Hospital School of Nursing, Nursing Diploma (June 1969)

University of Ottawa, Canada Hospital Administration Certificate (June 1980)

Licensure

FL License RN 1748102
Board Certified as Psychiatric and Mental Health Nursing American Nurses Credentialing Center (1997)

Professional Experience (September 2006 – present) Horizon Health 2941 S. Lake Vista Drive Lewisville, Texas 75067

(September 2011 - present) Horizon Health, Behavioral Health Services 2941 S. Lake Vista Drive Lewisville, Texas 75067

Senior Vice President, Clinical Practice

Responsible for the clinical oversight for approximately 100 managed care contracts.

- Lead development of clinical resources/materials for contracted programs.
- Coordinate and provide program staff education and training.
- Coordinate and facilitate clinical components of new business start up activities.
- Conduct clinical program system assessment to insure quality care.
- Assess and identify specific program risk management and patient safety concerns to mitigate risk and promote patient safety.
- Provide support and consultation for constant regulatory readiness.
- Review clinical monitoring systems data for trending and benchmarking.
- Research and identify best practice in the industry for adaptation in contract managed services to enhance quality patient care.
- Developed companywide resource manual Trauma Sensitive, Patient Centered, Recovery Model.

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(September 2006 - 2011) Horizon Health, Behavioral Health Services 2941 S. Lake Vista Drive Lewisville, Texas 75067

Vice President, Clinical Services

Responsible for the supervision of clinical services for 20 inpatient and outpatient programs.

- Provide clinical oversight to maintain regulatory and state specific compliance in multiple states and hospital settings.
- Provide onsite training to all levels of clinical staff to maintain core competency levels.
- Units are located in eight states and range in size from 15 beds to 132 beds in university hospital setting.
- Additional areas of responsibility included assistance with the development of multiple resource education materials (RN competency for evaluation of seclusion and restraint, Utilization Review and Medicare appeal training.
- Developed Medical Management of Withdrawal Protocols as well as several competency modules to promote quality programming and staff development.
- Coordinate companywide Teleconference.

(March 2002 – September 2006) Horizon Health, Behavioral Health Services 2941 S. Lake Vista Drive Lewisville, Texas 75067

Regional Director, Operations

- Responsible for operations management of 10 hospital based behavioral health inpatient and outpatient adult and geropsychiatric programs in acute care settings. Units are located in six states and range in size from 15 beds to 68.
- Strong recruitment/retention skills and human resource management skills. Developed company-wide recruitment manual to train managers in the recruitment and retention of staff.
- Maintained state required nurse ratios greater than 97%.
- Completed "turn around" of a County facility. Restored JCAHO and CMS status and decreased ALOS 50% while maintaining 85% occupancy.
- Provided oversight of nursing, social services, community education, intake services, and assessment teams at a variety of inpatient sites.

(September 1996 – February 2002) Horizon Health, Behavioral Health Services 1500 Waters Ridge Drive Lewisville, Texas 75057-6011

Regional Director, Clinical Support Services

- Responsible for the supervision of clinical services for 15 inpatient and outpatient programs in the Southeast region.
- Provided clinical oversight to maintain regulatory and state specific compliance in seven different states.

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- Provided on site training to all levels of clinical staff to maintain core competency levels.
- Additional areas of responsibility included assistance with the development of SECURE (Management of Aggressive Behaviors product), development of a new service for Horizon Health Behavioral Services.
- Developed Medical Management of Withdrawal Protocols as well as several competency modules to promote quality programming and staff development.

(September 1994 – August 1996) Horizon Health, Behavioral Health Services (Fawcett Memorial Hospital, Port Charlotte, FL)

Program Director

Director responsible for the supervision of nursing, therapy, marketing and support staff in the areas of clinical supervision, staff development, competency, program development, budgetary and performance improvement and performance appraisal. Additional areas of responsibility within the hospital included administrator on call, coordinator of the JCAHO preparations for the entire hospital, serving on Community Boards on behalf of the hospital and development of ECT services.

(July 1987 – July 1996) Psychiatric and Recovery Center Medical Center Hospital, Punta Gorda, FL

Administrative Director

- Responsible for the development, management and clinical services for a 54 bed adult inpatient unit. Areas of responsibility included financial, management, development of additional services including outpatients, and Performance Improvement. Responsible for the direction and supervision of nursing (40), therapy (7), and support staff.
- Responsible the designation of the Recovery Center Program as a stateapproved facility for the treatment of Impaired Nurses.
- Provided expert witness to State Appeal of Medicaid Funding for Chemical Dependency Programs. Developed and organized several CME, CEU seminars to promote the program and staff development.

PROFESSIONAL EXPERIENCE continued 177

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Other Employment

- 1986 1987 Head Nurse, Psychiatric and Recovery Center, Medical Center Hospital, Punta Gorda, FL.
 - 1976 1986 Unit Coordinator, Brockville Psychiatric Hospital, Brockville Ontario, Canada.
- 1969 1976 Head Nurse, and Staff Nurse, Brockville Psychiatric Hospital, Brockville Ontario, Canada.

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Melissa R. Martin, RAS 124 Ashlin Ridge Cleveland TN 931-287-8907

Experience

Starr Regional Senior Care/Assistant Program Director & Community Education Director March 2014 – Present

Marketing and referral development, intake, patient and referral retention, clinical program, customer relations and operations

Reflections Senior Unit at Jamestown Regional Medical Center/Interim Program Director/Community Education Manager September 2014 to February 2014

Administration patient care for the unit, development and maintenance of the treatment program, development and implementation of a comprehensive community relations program, strategic planning, program administration and development

Reflections Senior Unit at Jamestown Regional Medical Center/Community Education Manager

(November 2011 to August 2014)

Duties: Implementation of a comprehensive community education program, coordinates the referral/sales process, develops and maintains accurate community education information and account management system, coordinates the units internal and external communications system

Florence Crittenton Agency/Substance Abuse Counselor (August 2009 – June 2011)

Duties: Facilitated groups for boys and girls, coordinated and evaluated programs, counseled adolescents and their families, crisis management, alcohol and drug assessments, treatment planning, trained/educated and supervised employees, motivational interviewing

Cirque Alcohol and Drug Treatment Facility (2007 - 2009)

Duties: Evening Supervisor, alcohol and drug assessments, led support and relapse prevention groups, taught disease concept, Jahari Jellnick, music therapy classes, drug and alcohol testing, med management worked toward LADAC under a doctor/therapist

Bradford Health Services/Crisis/Marketing (2006-2007)

Duties: A&D Consults (court, jails, and hospitals) for Putnam, Jackson and Cumberland Counties, marketed our services to, hospitals, law offices, city council, companies, A&D awareness and education, In-Service, partnered with court systems, event planning, speaking engagements

Girl Scouts of Cumberland Valley/Membership Development Manager (2002-2005)

Duties: Organizing fund raisers, adult training, speaking engagements, girl recruitment, meeting deadlines, building community relationships in twelve counties, event planning, marketing, "Foundations" team building, annual giving, resolve issues, ran programs for school systems, supervised, retention

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Putnam County Board of Education/Behavioral Assistant- Dry Valley (1998-1999)

Duties: Instructed students with behavioral problems regarding anger management, setting and achieving goals, instructed academically, crisis management, certified in professional crisis management

Cookeville Housing Authority/Resident Service Coordinator (1996-1998)

Duties: Monthly newsletter, grant writing, public speaking, organizing resident councils, developing programs, teaching independent living, event planning, fund raising

Upper Cumberland Human Resource Agency/Counselor-Chance Youth Home (1990-1994)

Duties: Organized activities, monitored actions of residents, insured residents obeyed established rules, developed therapeutic relationships with residents, wilderness program in the summer which included repelling, horseback riding, hiking, spelunking, rafting and ropes course

Education

(RAS) Registered Addiction Specialist 6000 hours clinical hours toward LADAC A&D treatment planning and assessments Ethical training Graduate of Volunteer Christian Academy Tennessee Technological University Child Sex Abuse Prevention Program TACC Training Program Non-Violent Crisis Intervention Program Drug & Alcohol Intervention Program Foundation Program/Personal Growth Motivational Speaking Alcohol & Drug Crisis Training 40 hours Domestic Violence Training 6 week training Domestic Violence Counseling Secure Training

Professional Skills

Motivational Interviewing, Public Speaking, Computer, Marketing, Event Planning, Crisis Management, Management, Run alcohol & drug groups, teach alcohol and drug classes, Fund Raising, Adult Training, Event Planning, Certified instructor in Foundations (Team building for Children/Adults), Marketing, Grant Writing, Run AA, NA, AL-NON, Intake

Hobbies

Hiking, Running, Camping, Event planning, Crafts, Softball, Archery, Professional football player for Chattanooga Locomotion's (02-03)

SUPPLEMENTAL-#1

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References

Christy Claiborne- Bradford Health Services/Clinical Therapist (865) 310-2752 Dr. Mercy Isang- Jamestown Regional Medically Center (865) 387-8933

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3. Section B, Project Description, Item B.I (Executive Summary)

The description of ownership, including the organization chart in Attachment A.4, is noted. Based on the funding support from cash reserves addressed in the April 1, 2014 letter from Mr. Seraphine, President of Lifepoint's Eastern Group, it may be helpful to have a better understanding of its relationship to the applicant. Please provide a brief description of this entity and identify the member facilities in Tennessee. As a suggestion, it may be helpful to include reference to The Eastern Group as an addendum to the organizational chart in the application.

The Eastern Group is an operational grouping, not a legal structure. The corporate ownership structure and its organization chart are unaffected by operational groupings, which may change from time to time as the company acquires hospitals. So it would be misleading to amend the legal organization chart.

There are ten LifePoint hospitals in Tennessee, all of which are owned entirely by LifePoint, and all of which are in the Eastern Group. The ten hospitals and their addresses were listed in Attachment A.4 of the application.

LifePoint's Eastern group currently oversees the operation of twenty-one hospitals in four States (Michigan, North Carolina, Tennessee, and Virginia). Some, like SRMC and Southern Tennessee Medical Center, have more than one campus but operate under a consolidated license. A list is attached following this page. These facilities are all owned by LifePoint except for five that are owned jointly by Duke University and LifePoint, through a joint venture company.

LifePoint Hospitals – Eastern Group (Some have more than one campus)

Bell Hospital 901 Lakeshore Drive Ishpeming, MI 48849

Clinch Valley Medical Center 6801 Governor G.C. Peery Hwy. Richlands, VA 24641

Crockett Hospital 1607 South Locus Avenue Lawrenceburg, TN 38464

Danville Regional Medical Center 142 South Main Street Danville VA 24541

Fauquier Health Systems, Inc. 500 Hospital Drive Warrenton, VA 20186

Hillside Hospital 1265 East College Street Pulaski, TN 38478

Maria Parham Medical Center 566 Ruin Creek Rd Henderson, NC 27536

<u>Livingston Regional Hospital</u> 315 Oak Street Livingston, TN 38570

Maria Parham Medical Center 566 Ruin Creek Rd Henderson, NC 27536

Marquette General Health System 420 W Magnetic Marquette, MI 49855

Memorial Hospital of Martinsville 320 Hospital Drive Martinsville, VA 24112

Person Memorial Hospital 615 Ridge Road Roxboro, NC 27573

Portage Health 500 Campus Drive Hancock, MI 49930

<u>Riverview Regional Medical Center</u> 158 Hospital Drive Carthage, TN 37030

Southern Tennessee Medical Center 185 Hospital Road Winchester, TN 37398 Starr Regional Medical Center 1114 West Madison Ave PO Box 250 (37371) Athens, TN 37303

Sumner Regional Medical Center 555 Hartsville Pike Gallatin, TN 37066

Trousdale Medical Center 500 Church Street Hartsville, TN 37074

Twin City Regional Healthcare, Inc. 200 Hospital Drive Galax, VA 24333

Wilson Medical Center 1705 Tarboro Street, SW Wilson, NC 27893

Wythe County Community Hospital 600 West Ridge Road Wytheville VA 24382 Page Four April 24, 2014

4. Section B, Project Description, Item B.II.A

It appears that the 5 semi-private rooms of the GPU account for approximately 60% of the unit's size resulting in approximately 185 SF per bed. The proposed size of the new addition with 4 beds results in approximately 245 SF per bed. Please address this potential change by completing the chart below. In addition, please address the impact to compliance with existing licensure standards of the proposed project as it pertains to the amount of space allocated to the patient rooms.

Bed Type	Current Beds	After Project Beds
Adult Beds	0	0
Geriatric Beds	10	14
Entire Unit	10	14

SR			OPSYCHIATRIC INGES IN SPACES		
Current Unit—5 S	emipriva	te Rooms	Proposed Unit—'	7 Semipri	vate Rooms
Room Numbers	Square	Square	Room Numbers	Square	Square
(10-Bed Plan)	Feet	Feet/Bed	(14-Bed Plan)	Feet	Feet/Bed
1 (SP)	196	98	1 (SP)	195	97.5
2 (SP)	196	98	2 (SP)	196	98
3 (SP)	195	97.5	3 (SP)	254	127
4 (SP)	195	97.5	4 (SP)	252	126
5 (SP)	195	97.5	5 (SP)	196	98
· (01)			6 (SP)	195	97.5
			7 (SP)	195	97.5
Total Unit Including Support Spaces	3,056	305.6		6,181	441.5

Note: Square Feet data for patient rooms is for clear floor space not including cabinetry. Data for total unit includes patient room, support, and circulation spaces.

Prior Code for Clear Floor Space per Bed: 80 SF Per Bed in a Semiprivate Room Current Code for Clear Floor Space per Bed: 100 SF Per Bed in a Semiprivate Room

(1) The unit has no beds designated exclusively for adults age 18-64, although a Medicare-approved geropsychiatric unit may accept a patient who is 50-64 years of age. Etowah admits few of that age group, as shown in Schedule H, page 32, of its Joint Annual Reports. Mixing the two oldest age cohorts is standard procedure in small geropsychiatric units.

REVISION TO APRIL 24 FIRST SUPPLEMENTAL RESPONSE LETTER (CHANGES UNDERLINED)

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- (2) The hospital now operates 10 beds in 5 semiprivate rooms. The hospital proposes to operate 12 beds in 6 semiprivate patient rooms by the end of Phase I, at January 1, 2015. All of those rooms are older patient rooms that are "grandfathered" under Licensure rules and subject to prior codes, which required only 160 SF of clear floor space for semiprivate rooms. The six semiprivate rooms of Phase I will have 200 SF of clear floor space.
- (3) By the end of Phase II, there will be two semiprivate rooms added by new construction on the end of the current wing. Those two rooms will be subject to current Licensure standards that require 200 SF of clear floor space. Each new semiprivate room will exceed that standard, having more than 250 SF of clear floor space.
- (4) Much of this project's renovation is to provide support spaces that either do not now exist, or need expansion. Those spaces are a Quiet Social Room; a Group Therapy room (for a unit with more than 12 beds); a Charting/Conference room, an ADA-accessible Toilet/Shower room; separate Clean and Soiled Utility Rooms; Equipment storage; Patient Effects storage, a Consultation/Visitor room, a dedicated consultation room (for a unit with more than 12 beds); and a Unit Manager office. That explains the overall gain in unit area, more than just the addition of two new semiprivate patient rooms.

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5. Section B, Project Description, Item B.II.B

a. The changes reflected in the table for SRMC's total licensed bed mix is noted (med-surg, critical care and inpatient psychiatric services). Please add a column to the table that identifies the current number of staffed beds for each of the three hospital bed types.

Table Five-A: Proposed Ch REVISED ON Starr R	anges in Assignmer FIRST SUPPLEM egional Medical Ce	ENTAL RESP	Hospital Beds, 2014 ONSE
Bed Assignment	Current Assignment	Current Staffing	Proposed Assignment (Change)
General Medical-Surgical	54	0	50 (-4)
Critical Care	8	7	8
Psychiatric	10	10	14 (+4)
Total Licensed Complement	72	17	72

	ges in Assignment of FIRST SUPPLEM egional Medical C	ENTAL RESPO	pital Beds, July 2014 DNSE
Bed Assignment	Current Assignment	Staffing By July 2014	Proposed Assignment (Change)
General Medical-Surgical	42	0	38 (-4)
Critical Care	8	7	8
Psychiatric	10	10	14 (+4)
Total Licensed Complement	60	17	60

As described in the application, SRMC has only recently acquired the Etowah facility. In connection with its decision to suspend use of medical-surgical beds at Etowah for the time being, SRMC conducted its own internal survey the week before Easter, and located only 42 medical-surgical beds that could be used for admissions without construction (12 bed spaces appear to have been lost to internal conversions that removed one or both headwalls). So the Etowah campus has a capacity of 60 beds, 42 of which are medical-surgical beds.

The Department of Health will resolve the questions of licensing and capacity in the near future. For now, the current license is valid. Whether the SRMC consolidated license should be reduced at some point by twelve beds does not appear relevant to this project, because (a) this project only involves reassignment of four beds, and (b) the project will not affect the license.

Attached following this page are revised pages 3a-3c, reflecting the staffing of beds at Etowah after July 2014, by which time medical-surgical services will have been suspended pending temporarily.

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b. To gain an appreciation of any further delineation of bed use by service, does the unit have an additional bed designation as to age ranges, general psychiatry, co-occurring (mental health/substance abuse) disorders, and/or intensive treatment? If so, please complete the following chart:

SRMC Geri-Psychiatric Unit Bed Mix

GPU Service	Current Beds	Beds after Project Completion
Intensive Treatment	0	0
General Psychiatry	10	14
Co-Occurring	0	0
Other Program ??	0	0
TOTAL	10	14

The current and proposed beds in the unit are all used for short-term treatment and stabilization prior to discharge to a lower level of care. They have been listed under general psychiatry for lack of certainty about how HSDA staff defines "intensive treatment" in the staffing table.

6. Section B, Project Description, Item B.II.C

a. It appears that the proposed addition to the geri-psychiatric unit (GPU) may address in part, circumstances related to having to separate patients by gender or having to separate high vs. low acuity geriatric patients. However, it also appears that some mix of private rooms may help as well. Please discuss the pros and cons in terms of therapeutic value, maximization of resources, economic efficiency, etc. in placing patients age 65 and older in private vs. semi-private rooms.

Dr. Glynn Newman, the Medical Director, recognizes the superior economic efficiency of converting or constructing semiprivate rooms. However, having two more semiprivate rooms would increase the ability to use rooms for single occupancy, when necessary to achieve gender separation, or to isolate a mildly disruptive or aggressive patient. (Highly disruptive or aggressive patients are not admitted to the unit.) He does not suggest any other aspects of private vs. semiprivate rooms that would affect therapeutic value.

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b. The January 21, 2014 letter of support from J. Glynn Newman, MD, in the application states that patients were turned away or admissions delayed many times in the past year. In addition to the peak occupancy visual on page 13 of the application, what metrics are available to help illustrate the number of diversions of patients seeking admission to SRMC-Etowah's GPU over the most recent 12-month period? Of these, approximately how many were attributed to lack of medical coverage to accept new admissions to the GPU? In your response, please describe how the proposed addition and pending changes to medical coverage of the GPU may play a role in reducing the number of those diversions.

As stated, SRMC only recently acquired control of the Etowah facility. Records of diversions and reasons for diversions were not recorded or retrievable from the previous owner. So Q1 2014 is the first period for which SRMC can provide recorded data of this type. SRMC reports that during the first quarter of 2014, the unit experienced 31 days on which additional patients could not be accommodated due to "gender lock" (the need to segregate by gender) or due to lack of admission coverage. Of the 31 days, 17 days were due to gender lock and 14 were from lack of admission coverage.

To provide the most complete available information, the graph from page 13 has been updated through the end of Q1 2014 (March 31) to show the increasing frequency of the times this unit has been at 100% occupancy. It is attached following this page, as page 13R.

The coverage issue is discussed in response to question 12 in this letter.

c. What are the typical support services that are needed for a geripsychiatric unit and what services are unique or proprietary to the applicant and the manager (Horizon) such as therapeutic program enhancements, a geriatric partial inpatient program and/or an intensive outpatient service opportunities (continuum of care)?

There are no unique or proprietary services at this program. The program provides the typical short-term acute care services needed to stabilize the patient and to prepare the patient for discharge to a less intensive treatment setting (typically a nursing home) or to a private residence.

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The treatment disciplines involved are psychiatry, nursing, a licensed social worker, and a recreation therapist--all of which are reflected in the narrative and staffing pattern submitted. Speech therapy, physical therapy, occupational therapy, and psychological testing and evaluation are contracted from other providers in the area when needed.

Several years ago, SRMC offered a partial inpatient program but there was almost no demand for it and it was closed. With a large five-county service area, not enough patients could overcome serious transportation time problems to be able to use such a program. The Etowah program prepares a discharge plan for every patient that sets forth the post-acute care that is recommended. Etowah itself is not in a position to provide follow-up outpatient care or partial hospitalization, at this time.

d. How will the applicant provide services to uninsured adults who are waiting on insurance paperwork or eligible seniors awaiting Medicare certification in need of inpatient psychiatric services?

GPU staff will work with the Business Office to qualify patients for possible coverage benefits and discounting practices, and will offer education and assistance with enrolling for the Federal Health Care Exchange. Lack of health care coverage is not a disqualifying factor when determining admission criteria.

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7. Section B, Project Description, Item III.A. (Plot Plan)

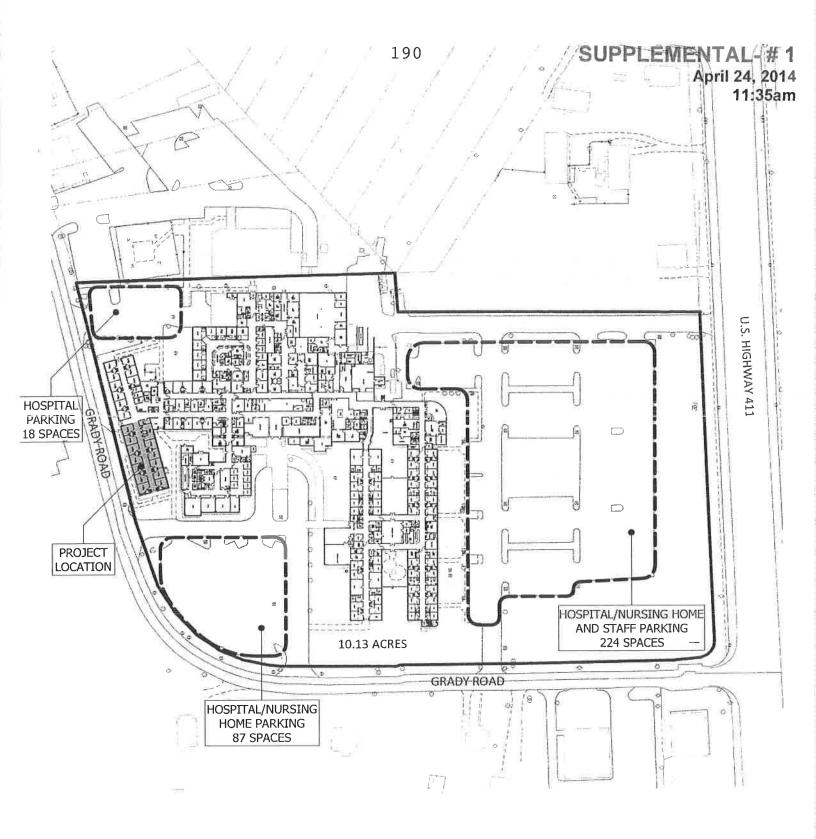
The plot plan is noted. An enlarged plot plan with labels as to primary areas of the hospital may be helpful. As a suggestion, the plot plan might include labels for other areas of the hospital such as the emergency department, the 88 bed NF, ICU, any vacant/unstaffed patient unit areas, hospital/NF patient parking and the hospital's main entrance.

Attached following this page are additional drawings from the architect identifying parking areas on the campus and identifying the departments or areas you have requested.

8. Section B, Project Description, Item IV (Floor Plan)

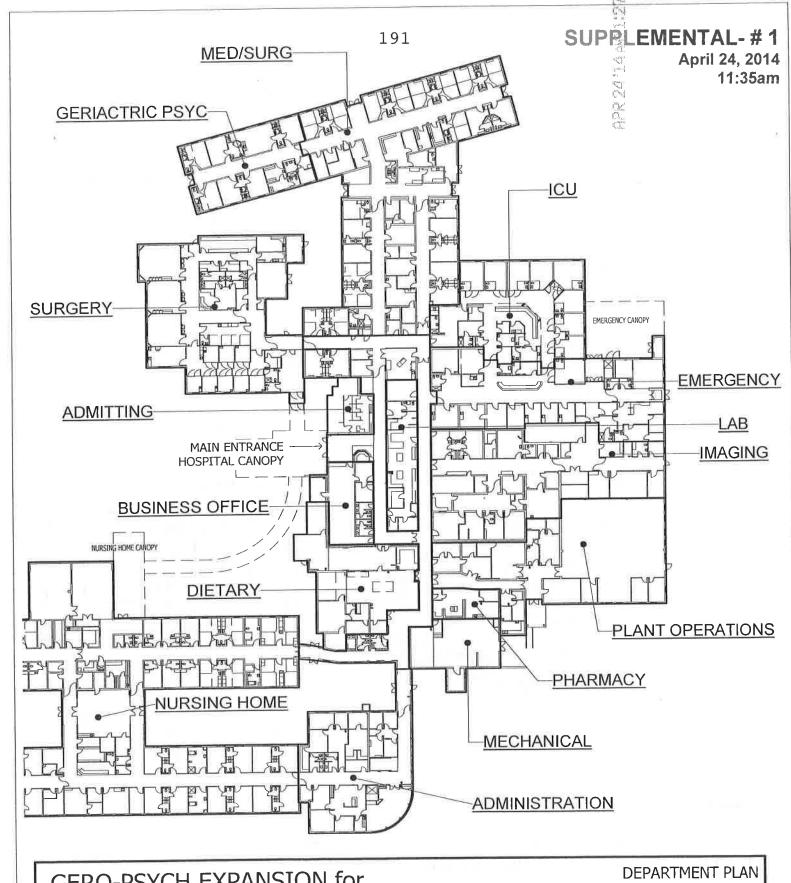
The room number designations appear to be missing for both the current and proposed GPU. Also, consult and group therapy areas were are not recognizable in the current floor plan of the 3,056 SF unit. Please provide more detailed floor plan drawings with the suggestions noted.

Attached following this page are additional drawings from the architect. Support areas not shown on these drawings do not exist.



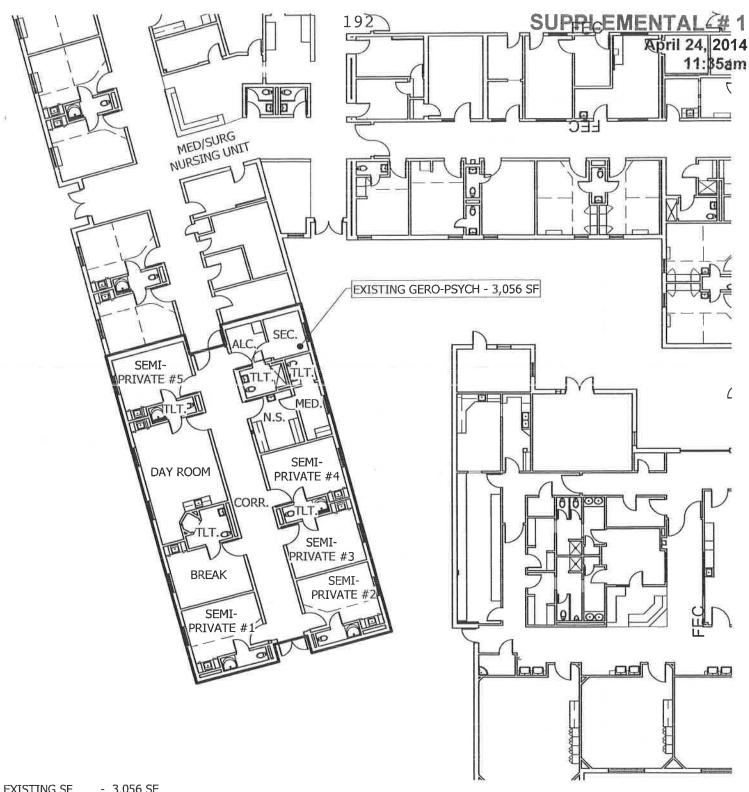
GERO-PSYCH EXPANSION for STARR REGIONAL MEDICAL CENTER - ETOWAH SITE PLAN 10.13 ACRES

ETOWAH, TENNESSEE APRIL 21, 2014 - NOT FOR CONSTRUCTION HINSON MILLER KICKIRILLO ARCHITECTS, PLLC NOT TO SCALE



GERO-PSYCH EXPANSION for STARR REGIONAL MEDICAL CENTER - ETOWAH

ETOWAH, TENNESSEE APRIL 21, 2014 - NOT FOR CONSTRUCTION HINSON MILLER KICKIRILLO ARCHITECTS, PLLC NOT TO SCALE



EXISTING SF - 3,056 SF

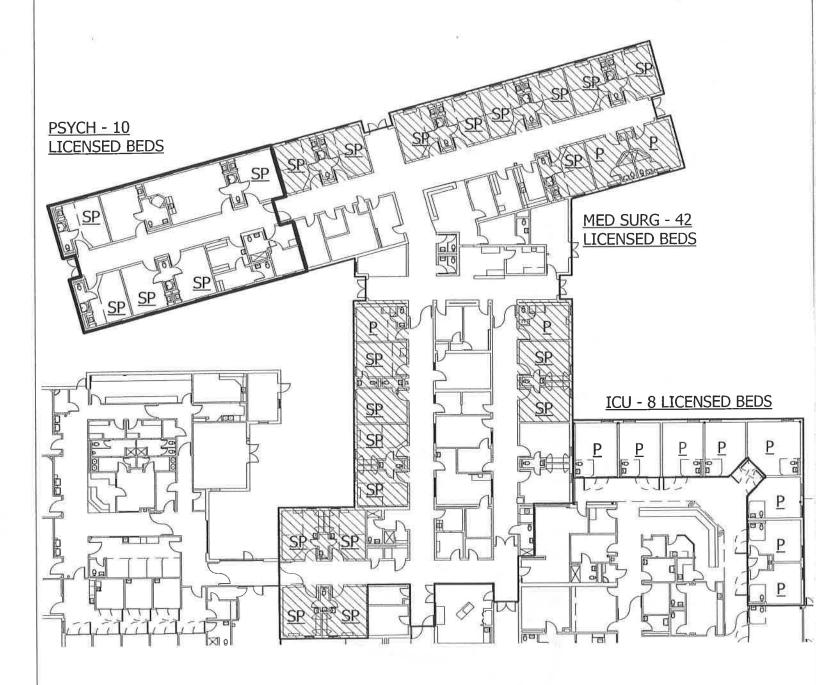
GERO-PSYCH EXPANSION for STARR REGIONAL MEDICAL CENTER - ETOWAH

EXISTING FLOOR PLAN 10 BEDS

ETOWAH, TENNESSEE APRIL 21, 2014 - NOT FOR CONSTRUCTION HINSON MILLER KICKIRILLO ARCHITECTS, PLLC

SUPPLEMENTAL-#1

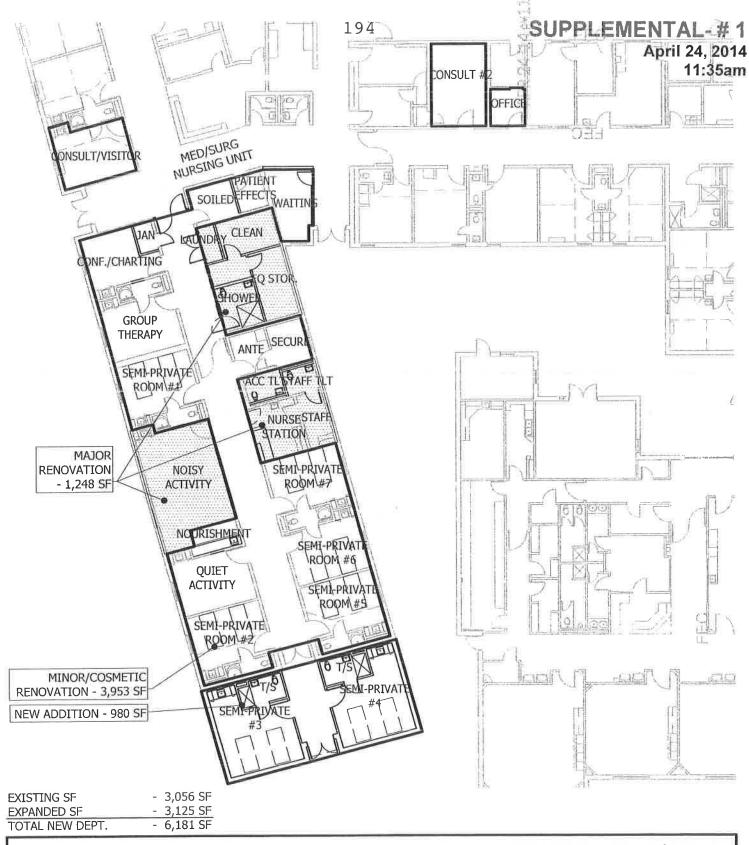
April 24, 2014 11:35am



GERO-PSYCH EXPANSION for STARR REGIONAL MEDICAL CENTER - ETOWAH

LICENSED BED PLAN

ETOWAH, TENNESSEE APRIL 21, 2014 - NOT FOR CONSTRUCTION HINSON MILLER KICKIRILLO ARCHITECTS, PLLC NOT TO SCALE



GERO-PSYCH EXPANSION for STARR REGIONAL MEDICAL CENTER - ETOWAH

PROPOSED - NEW WORK PLAN
14 BEDS

ETOWAH, TENNESSEE APRIL 21, 2014 - NOT FOR CONSTRUCTION HINSON MILLER KICKIRILLO ARCHITECTS, PLLC

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9. Section C, Need, Item 1.a Service-Specific Criteria (Psychiatric Inpatient Services-Item C.3)

The closest state-run and supported licensed mental health hospital located approximately 64 miles from the applicant facility appears to be Moccasin Bed Mental Health Institute. Licensed and staffed for 150 beds, the hospital had an average daily census (ADC) of approximately 131 patients per day in 2013, including an ADC of approximately 18 Medicare patients per day. Approximately 13 Medicare patients per day were from the applicant's 5-county PSA (252 admissions, 4,791 patient days). Given this information, please discuss the impact of the proposal to Moccasin Bend.

The 2013 JAR for Moccasin Bend Mental Health Institute shows that:

- (1) MBMHI's ADC of 131 patients on 150 licensed beds was 87.5% average annual occupancy, which is very high occupancy.
- (2) MBMHI had only 97 Medicare-age admissions, which comprised only 3.5% of its total 2,768 admissions. MBMHI does not even have a dedicated geropsychiatric unit.
- (3) MBMHI's average length of stay for its geropsychiatric patients was 53.3 days--more than four times the ALOS for Etowah's patients.
- (4) MBMHI obtained only 10% of its patient days (4,791 of 47,908) from the five counties in SRMC Etowah's geropsychiatric service area.

Based on these facts, SRMC sees no reason why a 4-bed expansion at SRMC Etowah should have any significant impact on Moccasin Bend. The two facilities appear to serve a largely different population, with Moccasin Bend providing longer-term geriatric care (almost two months per admission compared to 11 days at SRMC). The elderly are not Moccasin Bend's primary focus. They constitute only 3.5% of its patients; and the hospital reports not having a separate geropsychiatric unit. Finally, only 10% of Moccasin Bend's patients come from SRMC's service area. More than half (57%) of those who do are from Bradley County. They may live so close to Moccasin Bend that they would not even consider driving far away to Etowah for care.

JAR patient origin tables do not provide age-specific data, so the applicant cannot confirm staff's estimate of county-level patient origin of MBMHI's Medicare-aged admissions. However, the JAR patient origin data does show that only 9% (252) of MBMHI's 2,768 total admissions came from Etowah's 5-county primary service area.

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10. Section C, Need, Item 1.a Service-Specific Criteria (Psychiatric Inpatient Services-Item C.4)

The applicant plans to accept voluntary/involuntary admissions are noted. To that point, the applicant states that "involuntary commitments will require the immediate availability of legal counsel and a judge to authorize the admission at whatever time the patient presents". In situations where the applicant could not take an involuntary admission, what protocols would be implemented to assure the patient's safety and that proper medical treatment is provided?

When a patient presents at the Emergency Room and is determined to be a candidate for an involuntary admission, but circumstances prevent the patient from being admitted, the Emergency Room physician will involve the Crisis Response Team of the Volunteer Behavioral Health system to ensure proper transportation to the best available alternative setting.

11. Section C, Need, Item 1.a., Service-Specific Criteria (Psychiatric Inpatient Services-Item D.1.) and Section C, Orderly Development, Item 2

The relationship to the other inpatient hospital psychiatric unit at Skyridge Medical Center-Westside in Bradley County is noted. Please include a brief description of other mental health services available in the service area and their relationship to the need, demand and/or support for the project. As a suggestion, discussion could address the availability of community mental health agencies, crisis stabilization units, and mobile crisis teams. For each type, please provide name & location, a brief description of services, their utilization, and their referrals to the applicant GPU of residents of the applicant's PSA. In addition, please also provide a brief summary of the impact that expanding the size of the geri-psychiatric unit at SRMC might have to these organizations.

As an acute psychiatric care facility whose role in the mental health network is inpatient intervention and stabilization, SRMC is not involved directly with many aspects of the service area's mental health network and cannot provide statistics on its utilization outside of the hospital.

The project service area is fortunate to have the services of the Volunteer Behavioral Health System, a network of cooperating agencies that serve over

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45,000 persons in thirty-one counties in the southeast, Upper Cumberland, and Middle Tennessee sections of the State. The network has fixed facilities and also mobile crisis teams, and offers crisis services, adult services, children's services, peer recovery programs, and addiction/co-occurring disorders services. Attached at the end of this supplemental response letter, before the affidavits, are lengthy materials describing those services.

Specific to this service area, there are also materials on the Hiwassee Mental Health Center--Athens, and Hiwassee Mental Health Center--Cleveland, and their numerous programs and services. Addresses and phone numbers are included in the attachments. They are part of the Volunteer Behavioral Health System.

This network's interface with the SRMC unit is primarily through the network's crisis teams, which are contacted through a central 1-800 number in Chattanooga, when a potential patient comes to the SRMC Emergency Room and appears to need psychiatric treatment. Or the crisis team may evaluate a patient at another location and contact SRMC to arrange the patient's visit to the ED and an assessment by medical personnel.

SRMC has no reason to believe that this small 4-bed expansion of its GPU could impact the Crisis Teams or the overall network in any significant way, other than providing their patients with more inpatient capacity and reducing those agencies' burdens in locating an inpatient environment when SRMC's unit is at capacity.

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12. Section C, Need, Item 6

a. The applicant attributes some increases in projected utilization to increasing medical director coverage from 3 to 5 days per week. Based on approximately 240 admits, the admission rate averaged approximately 1.5 per day in 2013. At this rate and expanded coverage 5 days per week, admissions could reach a high of approximately 390 or more total admissions compared to the 305 admissions projected for year one (CY2015). Please explain why the more conservative methodology was adopted for the utilization and financial performance of the GPU.

The applicant is correcting the Section B narrative on page 14 of the application regarding the Medical Director's schedule and its relation to admissions. Attached after this page is revised page 14R.

Dr. Newman is not the only psychiatrist admitting to the unit. His practice colleague Dr. Robert Stetson also admits to the unit. Between the two of them, admissions examinations by an admitting psychiatrist have been available continuously except for 8 AM Friday through 8 AM Sunday. That is expected to change this summer, with the recruitment of an additional psychiatric nurse practitioner, or possibly a third psychiatrist, to the practice. At that time, schedules will be rearranged so that admissions examinations are available seven days a week.

Although that will be a significant increase in days when admissions can be made, it would not result in a directly proportional increase in total admissions. The applicant feels more comfortable projecting utilization conservatively, based on recent trends, as described on pages 34 and 35 of the application, rather than tying projections to days of physician availability.

Page Fifteen April 24, 2014

b. Please explain how the expanded psychiatric unit is expected to operate at 73% occupancy in CY2015 when the existing unit has not historically reached that level of occupancy.

SRMC Etowah employed a Community Education Manager in February of this year, to expand public awareness of the service. Since then, the average daily census (ADC) of the unit has increased substantially. SRMC expects this to continue with additional community outreach, and by deepening relationships with area nursing homes, assisted living facilities, senior centers, and home health organizations.

Specifically, the ADC in the first three months of this year, was 6.7, or 67% average occupancy. However, since this new staff member began work, the occupancy during the 52 days from March 1 through April 21 was 8.9, or 89%. This is nothing seasonal; it only reflects actual demand and consumer awareness of available programs.

13. Section C, Economic Feasibility, Item 1. (Project Costs Chart) Given the plan to fund the project from cash reserves of the parent company, please explain the \$61,050 for Interim Financing.

It is standard procedure for LifePoint Hospitals to book a capital expense to its building projects as the equivalent of interim interest on a commercially obtained construction loan. As part of the capital cost accounting for the project it would not be appropriate to exclude it.

Page Sixteen April 24, 2014

14. Section C, Economic Feasibility, Item 4 (Historical Data Chart, Madison Campus)

The chart for SRMC-consolidated (Athens/Etowah) is noted. How many patients accounted for the medical center's charity care in 2013? Please also provide a historical data chart for the 10-bed GPU at SRMC-Etowah.

The consolidated SRMC Historic Data Chart's charity care represented 150 inpatient and outpatient admissions/visits.

An Historic Data Chart for the GPU is attached after this page.

- 15. Section C, Economic Feasibility, Item 4 (Projected Data Chart)
 - a. The chart for the proposed14-bed GPU is noted. Please provide a Projected Data Chart for the entire, 190 bed consolidated hospital.

The consolidated SRMC Projected Data Chart is attached after this page, following the historical chart for the GPU.

NOTES TO HISTORIC DATA CHART--SRMC ETOWAH (SUPPLEMENTAL)

DETAIL OF D.9, OTHER EXPENSES	2011	2012	2013
Admissions	234	253	250
Patient Days	2856	2918	2444
Gross Revenue	\$3,302,694.00	\$3,436,031.00	\$3,453,763.00
	\$1,166,406.00	\$1,253,367.00	\$1,625,651.00
Contractuals	\$2,136,288.00	\$2,182,664.00	\$1,828,112.00
Net Operating Revenue	\$2,130,200.00	¥ = / = 3 = / 3	
Expenses			dcc= 240.00
Salaries	\$654,731.00	\$687,737.00	\$665,240.00
Supplies	\$19,091.00	\$11,626.00	\$12,607.00
Taxes (Property and State)	\$4,932.00	\$9,580.00	\$5,206.00
Depreciation	\$73,549.00	\$84,601.00	\$89,479.00
Rent	\$113.00	\$0.00	\$672.00
Interest %of Hospital Total	\$40,245.00	\$17,963.00	\$3,817.00
Management Fees Horizon	\$626,696.00	\$693,324.00	\$532,937.00
Other Expenses			
Benefits	\$157,135.00	\$110,580.00	\$1,350.00
Utilities	\$16,968.21	\$22,668.31	\$16,797.10
Repairs and Maintence	\$1,081.00	\$1,240.00	\$720.00
Insurance	\$4,612.00		
Total Other Operating	\$179,796.21	\$134,488.31	\$18,867.10
EBDITA	\$537,134.79	\$543,344.69	\$499,286.90

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PROJECTED DATA CHART-- STAR REGIONAL MEDICAL CENTER CONSOLIDATED (SUPPLEMENTAL)

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in January.

	,	s in January.			CY 2016		CY 2017
			Admissions	-	3030	_	3015
A.		ion Data	Patient Days	-	12,575		12,392
В.	Revenu	e from Services to Patients			75.750.404	4	BD 003 000
	1.	Inpatient Services		\$	76,769,101	\$ 	80,002,960
	2.	Outpatient Services	14	-	155,124,355	-	164,438,743
	3.	Emergency Services			40,483,401	_	42,507,571
	4.	Other Operating Revenue (Spe			104,736	-	105,000
			Gross Operating Revenue	\$	272,481,592		287,054,274
C.	Deduct	ions for Operating Revenue					205 502 470
	1.	Contractual Adjustments		\$	194,261,336	\$	206,603,478
	2.	Provision for Charity Care			680,942	: **	717,373
	3.	Provisions for Bad Debt	estimated		11,439,828		12,051,870
			Total Deductions	\$	206,382,106	\$	219,372,720
NET OF	ERATING RE	VENUE		\$	66,099,486	\$	67,681,554
D.	Operat	ing Expenses					
	1.	Salaries and Wages		\$ <u> </u>	19,012,742	\$	19,877,972
	2.	Physicians Salaries and Wages			0		0
	3.	Supplies			8,592,933	9	8,798,602
	4.	Taxes		_	4,124,796	-	4,166,044
	5.	Depreciation		91	2,956,472		2,956,472
	6.	Rent			372,056	3-	375,000
	7.	Interest, other than Capital	*6.7% of net rev	-	4,428,666		4,534,664
	8.	Management Fees					
		a. Fees to Affiliates			114,152		114,152
		b. Fees to Non-Affiliates			2,700,472		2,700,472
	9,	Other Expenses (Specify)	See notes page	7.	16,833,565		17,178,630
			Total Operating Expenses	\$	59,135,853	\$	60,702,008
E.	Other l	Revenue (Expenses) Net (Specify)		ş —	-	\$	
		COME (LOSS)		ş -	6,963,632	\$	6,979,546
F.		Expenditures			-		
	1.	Retirement of Principal		\$			
	2.	Interest		11			
			Total Capital Expenditures	\$		_	
		COME (LOSS)		ė	C 062 622	ć	6.070.546
LESS C	APITAL EXPE	NDITURES		\$_	6,963,632	>=	6,979,546

NOTES TO PROJECTED DATA CHART--SRMC ETOWAH (SUPPLEMENTAL) DETAIL OF D.9, OTHER EXPENSES

2016	2017
4,943,313	5,168,273
3,018,216	3,018,216
4,056,284	4,137,410
1,637,520	1,637,520
1,534,200	1,564,884
454,432	454,432
829,600	837,896
360,000	360,000
16,833,565	17,178,630
	4,943,313 3,018,216 4,056,284 1,637,520 1,534,200 454,432 829,600 360,000

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b. With charity care estimated at approximately \$70,000 in Year 1, a net GPU charge of \$780/day, and an average length of stay of approximately 11 days per admission, it appears that charity may account for 9 patient admissions in Year One of the project. How might this estimate compare to the applicant's current experience in 2013? Please discuss.

The hospital' previous owner does not appear to have recorded charity care so SRMC has shown none on the Historic Data Chart submitted for question 14 above. However, SRMC Etowah will be in a position to identify and record charity care and that was projected in the original submission. These will probably be primarily but not exclusively from involuntary admissions, which will be a new service for the expanded unit.

c. As noted, management fees to non-affiliates is expected to be a flat rate of \$425,000 in Year One and Two of the project in lieu of the methodology described in the current contract between the applicant and Horizon Health (variable rate adjusted, in part, by patient census levels of the GPU). Please briefly describe the rationale for switching to a flat rate basis. What provisions might apply, if any, for adjusting the rate in accordance with mutually agreed upon performance expectations, such as accreditation outcomes, compliance with licensure standards, risk management, customer satisfaction or other factors?

There are three reasons for the change from volume-adjusted compensation, to flat rat compensation.

First, LifePoint wanted to pay a lower amount for management of this small unit. Second, LifePoint wanted to be able to reliably budget this particular management cost. Third, LifePoint's legal counsel felt the hospital should avoid the possible appearance that it was providing a management company with a financial incentive to admit or retain patients.

As for financial incentives for accreditation outcomes, licensure compliance, risk management, and customer satisfaction, LifePoint does not believe that Horizon needs such incentives to deliver high standards of performance in those areas. The compensation provided assumes such high levels of performance.

UPPLEMENTAL- # 1
April 24, 2014
11:35am

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16. Section C, Economic Feasibility, Item 5

It appears that average gross inpatient charges of SWMC-Athens/Etowah was approximately \$5,360 per day in CY2013 (Historical Data Chart) compared to projected GPU gross charges of approximately \$2,055 per day in year one of the project. Based on the comparison, the projected charges average only 50% of the current hospital rate, even projecting GPU charges 3 calendar years forward. Please describe the factors that might account for the difference between the charges of the GPU and the average hospital inpatient per diem rate.

Acute inpatient general hospital care is generally more expensive than inpatient behavioral care. The former involves high levels of resource consumption for imaging, surgical, pharmaceutical, nursing, and tech services; behavioral healthcare involves very little equipment or ancillary services. For example, general acute care patients using intensive care, or sometimes requiring high-cost implanted devices during surgery, impact charges very strongly.

17. Section C, Economic Feasibility, Item 11.A and B

a. The alternatives considered are noted. With 48 staffed of 72 licensed beds and a total average ADC of 19.6 patients per day in 2012, what consideration was given to using vacant/unstaffed patient care units elsewhere in the hospital, including those that might accommodate a mix of private rooms for expansion of the current 10-bed GPU?

Consideration is not being given to relocating the unit to another part of the hospital because of the expense involved in creating a secure unit. But consideration has been given, and will continue to be given, to expanding the unit into existing rooms, to avoid new construction.

SRMC faces a timing constraint. Cost control issues have made it necessary to suspend medical-surgical admissions at Etowah by July, pending completion of longer-range studies about appropriate services and bed assignments at both campuses. It will take several months for SRMC to conclude that planning. However, the GPU has a waiting list in CY2014, and more beds and more support spaces are needed quickly. So this CON was filed proposing to add two beds by 2015, using just existing space, as Phase I. A Phase II was also identified in this application, involving new construction to reach a total of 14 beds, because it does not make sense to incur two expensive and time-consuming CON processes back to back to add a mere four beds. CON practice is also not to "project-split", but rather to disclose the full scope of expansion plans when making application.

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SRMC believes that by early 2015, before Phase II begins, it will be known what configuration of beds will be adopted at each campus. It may well be that vacant beds near the current unit will be available. If so, SRMC will likely return to the HSDA to amend its CON to allow the Phase II work to be done less expensively, in adjoining patient rooms, rather than as new construction. But because that option is not yet clearly available, Phase II has been presented as a simple addition of two rooms on the end of the unit, in new construction.

b. In addition to the above prospect, has the applicant also considered starting a geriatric partial hospitalization program in lieu of the renovation/new construction expansion of the current unit? Please briefly discuss.

The applicant is not considering such a program at this time, for the reason stated in response to your question 6c above.

18. Section C, Orderly Development, Items 3 and 4 (Staffing)

a. The addition of one new registered nurse full time equivalent (FTE) to the GPU service is noted. Assuming one full time equivalent employee averages approximately 2080 regular worked hours per year, it is unclear how a part time staff RN can be listed as 1.0 FTE increasing to 2.0 FTEs in the table on page 53 of the application. Please clarify.

Please see the revised staffing Table Twenty-Three attached following this page, as revised page 53R. SRMC had adjusted some position data incorrectly listed in the original table. Also attached after this page is revised page 6R of the Executive Summary, indicating a net increase of 1.5 FTE's in Year Two.

As in the original staffing table, the positions indicate not individual employees, but rather all employees of that job title. The RN part time position has FTE's assigned that may represent two or three persons, each working some limited number of hours per week. So the FTE numbers consolidate the hours for all persons in that job description.

Page Twenty April 24, 2014

b. Please review the FTE entries for the LSW and activities therapist positions and confirm that these positions are allocated appropriately at 100% to the GPU.

They are.

c. What is the applicant's estimate of the direct care nursing FTE and total hours planned for the unit in Year 1? Using an average daily census of 9.2 patients per day in Year 1 of the project, is this coverage sufficient to meet licensure and patient care staffing standards that apply?

Year One:

Direct care nursing FTE's = 16 Total hours planned = 33,280

Horizon has reviewed both the current and proposed staffing data and reports that coverage is sufficient to meet all applicable standards.

Page Twenty-One April 24, 2014

19. Section C, Orderly Development, Item 5

a. Pertaining to physician supervision, review of the CV provided in the application for Dr. Newman, the medical director of the applicant's GPU, revealed no mention of duties, responsibilities & length of service for SRMC-Etowah's GPU. Please clarify by providing a brief summary with this information. In addition, please briefly describe Dr. Newman's current positions since 2005/2006 as Director of Psychiatric Services at Bradley Healthcare and President of Cleveland Psychiatric Center, PC. The description should include the type organization that applies and their relationship, if any, to SRMC.

Dr. Newman has served as Medical Director for this unit at Etowah for seven years, since early 2007. His contract is with Horizon Health. As his submitted CV indicates, he is a Diplomate, Board Certified in both Psychiatry and Forensic Psychiatry, by the American Board of Psychiatry and Neurology. He mistakenly submitted a resume that was not current in regard to his position in Etowah, for which the applicant apologizes.

Cleveland Psychiatric Center, PC is his professional practice. He is no longer affiliated with Bradley Healthcare and Rehabilitation, a licensed nursing home with no relationship to SRMC.

Attached following this page are selected parts of Horizon's master template for its Medical Director contracts. The pages clearly identify the role and duties of that position. The contract with Dr. Newman is of course confidential, but it lists the same roles and duties.

b. Pertaining to quality assurance and utilization review programs and policies, please describe & document same as it pertains to medical/clinical operations of the geri-psychiatric unit.

The GPU quality assurance and utilization review processes reflect the practices/polices and overall administrative and medical/clinical oversight procedures as the rest of the hospital. In conjunction with Horizon's clinical team, Dr. Newman and SRMC's Dr. Turnbough provide daily oversight and feedback in accordance with those policies and procedures.

Attached at the end of this supplemental letter of response are examples of policies, etc. for admission criteria, CORE measures, Quality Reporting, Continued Stay Criteria, and Utilization Review and Monitoring.

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Page Twenty-Two April 24, 2014

20. Section C., Orderly Development, Item 7

Please discuss what the applicant's plans are regarding the avoidance of similar deficiency citations in future surveys, including citations pertaining to nursing services, discharge planning and medical record services that were noted in the full Joint Commission report during the January 10 – January 11, 2012 survey of SRMC-Etowah.

The Etowah facility did not belong to LifePoint or SRMC Athens at the time of these deficiencies. SRMC and LifePoint take appropriate measures to avoid Joint Commission citations and to correct any that are issued. Department heads and concerned personnel meet with management to identify and correct past problems, and to identify means by which such citations are avoided in the future.

21. Annual Progress Report

According to HSDA records, an affiliated facility, Livingston Regional Hospital in Livingston, TN has an outstanding certificate of need (CN1102-005), whose final project report was due in February 2014. However, a 2/25/14 e-mail from John Wellborn to the Agency stated that CN1102-005 may be voluntarily surrendered in the near future. However, nothing further has transpired to this effect as of 4/8/14. Since the CON is due to automatically expire in July 2014, please clarify the status of this CON.

LifePoint has confirmed to SRMC that it is Livingston Regional Hospital's intention not to implement the expansion, but rather to return the CON to the HSDA for voidance. The hospital's CEO has been asked to do that as soon as possible.

Additional Information: Attached are support letters for the project, which SRMC has received to date.

Thank you for your assistance. We hope this provides the information needed to accept the application into the next review cycle. If more is needed please FAX or telephone me so that we can respond in time to be deemed complete.

Respectfully, Wellbern

John Wellborn Consultant

SUPPLEMENTAL- # 1April 24, 2014 11:35am

AFFIDAVIT

STATE OF TENNESSEE
COUNTY OF DAVIDSON

NAME OF FACILITY;	
SRMC-ETOWAH	

I, JOHN WELLBORN, after first being duly sworn, state under oath that I am the lawful agent of the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete to the best of my knowledge.

John L Wellborn
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 24th day of April 2014, witness my hand at office in the County of 1 A VIDSON State of Tennessee.

NOTARY PUBLIC

My commission expires November 5, 2014

HF-0043

Revised 7/02



MEDICAL DIRECTOR SERVICES AGREEMENT

BETWEEN HORIZON MENTAL HEALTH MANAGEMENT, LLC dba HORIZON HEALTH BEHAVIORAL HEALTH SERVICES AND </INSERT PHYSICIAN NAME>>

This Medical Director Services Agreement ("Agreement"), is made as of this <<Insert Day>> day of <<Insert Month>>, <<Insert Year>> ("Effective Date") between Horizon Mental Health Management, LLC d/b/a Horizon Health Behavioral Health Services (hereinafter referred to as "Horizon"), and <<Insert Physician Name>>. (hereinafter referred to as "Physician).

BACKGROUND

Horizon is the contract manager of a <<Insert behavioral health or acute rehabilitation>> unit (the "Unit") at <<Insert Hospital Name>> (the "Hospital") located in <<Insert City, State>> pursuant to a Management Services Agreement, dated <<Insert Date>> ("Management Agreement").

Physician is a duly licensed physician in the State of <<Insert State>>, and is experienced in the provision of <<Insert behavioral or rehabilitation>> medicine.

Horizon desires to engage Physician and Physician desires to be engaged to provide medical director administrative services in accordance with the terms and conditions of this Agreement.

Now, Therefore, in consideration of the mutual promises set forth herein, and intending to be legally bound, the parties agree as follows:

AGREEMENT

- I. <u>Incorporation of Background; Defined Terms</u>. The Background provisions set forth above (including, but not limited to all defined terms set forth therein) are true and correct and are hereby incorporated by reference into this Agreement and made a part hereof as if set forth herein in their entirety.
- II. <u>Qualifications of Physician</u>. Physician covenants and agrees that, at all times during the Term (as defined in Article III), Physician shall meet the following qualifications:
- A. Hold a current valid, unrestricted and unlimited license to practice medicine in the State of <<Insert State>> with a board certification in <<Insert behavioral or rehabilitation>> medicine;
 - B. Maintain in good standing an active membership on the medical staff of Hospital;

April 24, 2014

- Comply with all applicable Hospital Medical Staff Bylaws, Rules and 11:35am Regulations;
- Comply with Hospital and Unit policies and procedures in effect from time to D. time;
- Adhere to all applicable Hospital policies and procedures, including without E. limitation, cost containment, utilization review, performance improvement, risk management and corporate compliance, and patient safety programs as may be in effect from time to time;
- Adhere to all quality and productivity standards as may be developed by Hospital F. from time to time:
- Participate as a provider in the Medicare and Medical Assistance programs and G. such other third party payment programs as Horizon or Hospital may require from time to time;
 - Maintain a current federal Drug Enforcement Agency license; and H.
 - Not be a Sanctioned Provider as that term is defined on Exhibit A attached hereto. I.

Physician shall provide Horizon with the following: a Horizon Application for Professional Affiliation, two letters of reference, curriculum vitae, CME credits for past two years, and copies of certificates or letters of verification of: Medical Doctorate, Internship Residency, Board Certification or dates of eligibility, State License, DEA Certificate, Statement of Medical Staff Membership and Clinical Privileges at the Hospital, and documentation of current professional and comprehensive general liability insurance. No payments shall be made to Physician by Horizon until these documents are submitted by Physician.

Term and Termination. III.

Term. Subject only to the provisions for early termination hereinafter set forth, the term of this Agreement shall commence on the Effective Date for an initial term of one year ("Initial Term"). Thereafter, this Agreement shall automatically renew for successive one (1) year terms unless either party provides written notice to the other party of intent not to renew thirty (30) days prior to the expiration of the Initial Term or any renewal term thereafter (the Initial Term and any renewal term thereafter shall be collectively referred to herein as the "Term").

Termination Without Cause. B.

- Notwithstanding anything herein to the contrary, after the expiration of the (1)Initial Term, Horizon may terminate this Agreement upon thirty (30) days' written notice to the Physician.
- Notwithstanding anything herein to the contrary, after the expiration of the Initial Term, Physician may terminate this Agreement upon one hundred twenty (120) days' written notice to Horizon.

April 24, 2014

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- A. Compensation. For the Administrative Services (as set forth in Article V (B), rendered by Physician under this Agreement, Horizon shall compensate Physician at the rate of <<Insert Per Hour Rate>> per hour for each documented hour of Administrative Services not to exceed <<Insert Maximum Hours Per Week>> hours per week. Horizon shall not reimburse Physician for professional medical services provided to Unit patients. Physician shall be responsible to bill and collect for professional services provided by Physician to the Unit's patients.
- B. Time Reports. Physician shall submit to Horizon, on a monthly basis, detailed time report, in the form provided by Horizon, specifically delineating Physician's time spent providing Administrative Services (as defined in Article V (B), below) and professional services. Such time report shall be signed by the Physician and shall be submitted to the Horizon Program Director in the month following the month in which such services were provided. Payment will be made to Physician within thirty (30) days of receipt of a complete time report. If a time report is not submitted to Horizon within sixty (60) days of the last day of the month in which the services were provided, Horizon shall have no responsibility to reimburse Physician for Administrative Services provided during that month.
- C. Right to Offset. Horizon shall have the right to offset payments due from Horizon to Physician under this Agreement against any other debts owed by Physician to Horizon.

Duties and Administrative Services.

- A. General. Generally, Physician shall dedicate not less than << Insert Minimum Hours Per Month>> hours of service to the Unit per month providing a combination of Administrative Services (as defined in subparagraph (b), below) and professional << Insert behavioral or rehabilitation>> services for patients of the Unit. Physician shall use his own professional judgment in carrying out professional services related to care provided to patients of the Unit. Physician shall communicate and coordinate Physician's Administrative Services with the Unit Program Director. In connection with matters relating to medical responsibility and patient care oversight, the Physician shall report to the Hospital Chief of Medical Staff.
- B. Specific Duties. As part of Physician's role and responsibility as Medical Director of the Unit Physician shall have duties which shall include, but not be limited to the following (the following services shall be collectively referred to herein as the "Administrative Services"):
- (1) <u>Program Administration</u> Provide program administration and oversight services regarding Unit policies, practice, development, compliance, or performance improvement. Meet with Program Director (who may include other staff, as appropriate) at least once per week, or more often if needed, to discuss Unit needs.
- (2) <u>Program Consultation</u> Provide program consultation for problematic Unit issues or the clinical care of another physician's patients.
- (3) <u>Program Issues</u> Assist in resolving Unit issues as directed specifically by the Program Director or senior Hospital administration. Responds promptly when requested to

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solve medical or administrative issues (no longer than 24 hours or first working day for less urgent problems).

- (4) <u>Training and Supervision</u> Provide training, supervision, and consultation to staff. (consultation that is considered directly related to a patient's care is not considered administrative time) Inservice training for Unit staff shall be provided at least once each quarter (i.e., four or more times per year) on topics relevant to the needs of the staff as determined in consultations with the Program Director or senior Hospital administration.
- (5) <u>Recruitment</u> Provide assistance in recruiting and interviewing potential key staff.
- (6) <u>Chart Reviews</u> Provide reviews of other physicians' chart documentation regarding compliance with Hospital policies and procedures, appropriateness of admissions and continued stay.
- (7) <u>Hospital Staff</u> Proactively arrange meetings with the Senior Medical Officer of the Hospital to assure Hospital's ongoing medical staff supervision of the Unit. Actively visit and maintain relationships with other physicians on the Hospital staff and coordinate <<Insert behavioral or rehabilitation>> services with other areas of the Hospital.
- (8) <u>Quality Assurance</u> Serve on Unit Quality Assurance/Performance Improvement. Committee, and continually work with the active Medical Staff as needed to assure quality care, as well as timely and accurate completion of medical records.
- (9) <u>Education</u> Participate in any educational programs conducted by the Hospital Medical Staff.
- (10) <u>Coverage</u> Arrange for Unit clinical coverage at all times by a competent, clinically privileged physicians for clinical emergency situations.
- (11) <u>Compliance</u> Work with Program Director to assure the Unit meets all Joint Commission, CARF and all other federal, state and/or local regulatory requirements.
- VI. <u>Compliance with Laws</u>. In performance of Physician's duties under this Agreement, Physician shall comply with all applicable federal, state and local laws, regulations, accreditation standards (collectively, the "Laws").
- VII. <u>Private Practice</u>. If Physician operates a private physician practice, it is understood by the parties that there is no expectation, obligation or requirement for Physician to admit or refer patients to the Unit or other parts of the Hospital. Should Physician seek admitting privileges to the Unit, Physician shall be solely responsible for making the decision to admit patients to the Unit consistent with the admission criteria for the Unit established by the Hospital. In addition, it is the sole responsibility of the Physician to determine the appropriate time to discharge patients under Physician's care.

VIII. Professional Liability Insurance.



P.O. Box 957 • 409 Grady Rd. • Etowah, TN 37331 Ph: 423-263-1138 • Fox: 423-263-8876 www.Etowah-Health-Care.com

To whom it may concern:

We endorse the granting of a certificate of need for additional geropsych beds at Starr Regional Senior Care. As a facility we utilize the geropsych unit at Starr Regional (Etowah) for residents with unstable behaviors. Their staff and physicians try to respond to our needs. They provide hospital level psychiatric care for our residents when beds are available.

There are times when we have residents that are advancing with diseases and need additio0nal psychiatric services; Starr Regional Senior Care has not had beds available. Additional beds would greatly enhance their ability to care for the psychiatric needs of our patients.

Joan Hills Administrator



Sweetwater Nursing Center

SUPPLEMENTAL-#1 April 24, 2014

41:35am

978 Highway 11 South ~ Sweetwater, TN 37874 ~ Phone (423) 337-6631 ~ Fax (423) 337-3801

February 18, 2014

To Whom It May Concern:

At Sweetwater Nursing Center, we refer our residents and families to Starr Regional Medical Center's Senior Care Unit for Geri-Psychiatric care. We have been pleased with the services provided as they are the preferred choice. Occasionally, an admission has been delayed or we have had to send a resident elsewhere due to a bed not being available. Expansion of the Senior Care Unit would greatly help to provide inpatient Geri-Psych treatment services for the people in our area. Any help with this matter would be appreciated.

Sincerely,

Administrator

Nursing

Michael Roberts

Director of Social Services

Cynthia Thomas on Cynthia Thomas Director of Nursing

Jennifer Barnett Assistant Director of



April 24, 2014 11:35am

March 26, 2014

To whom it may concern:

McMinn Memorial Nursing Home and Rehabilitation Center in Etowah provides quality skilled nursing and long-term care for the people of our region. When one of our residents needs psychiatric care that we cannot provide, we know that we can count on Starr Regional Senior Care to provide quality psychiatric care.

Even though we are part of the same healthcare system, there are times that the Senior Care unit is full with a waiting list for available beds. We believe that it increase in the number of geropsychiatric beds at Starr Regional Etowah would greatly benefit the patient populations in our region.

We wholeheartedly endorse the expansion of Starr Regional Senior Care in Etowah.

Sincerely,

Robert G Polahar Administrator

Robert Blocker

Renee Townsend, RN Director of Nursing

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RECOVERY

ADULTS

CHILDREN

IN CRISIS?

latest NEWS

VOLUNTEER PRESIDENT/CEO, CHRIS WYRE, NAMED MHCA CHAIRMAN OF THE BOARD

MHCA, a national association of high performing behavioral healthcare service provider organizations, has announced election of Chris Wyre, MBA to chair its board of directors and lead the organization in 2014. Wyre is CEO of Volunteer Behavioral Health Care System in Murfreesboro, Tennessee. Wyre first joined mhca in 1994 as CEO of The Guidance Center. ...

M.A.S.H. HOMELESS VETERANS PROGRAM HIGHLIGHTED IN THE CHATTANOOGA AREA

WTVC News Channel 9 Chattanooga recently highlighted our M.A.S.H. Program Click Here for the interview link. Help us spread the word about M.A.S.H.!

MASH PROGRAM IS IN THE NEWS AGAIN

We're excited to share the wonderful article that ran in The Tennessean this past weekend. Click here for the full article.

SERVING MIDDLE, UPPER CUMBERLAND and SOUTHEAST TENNESSEE

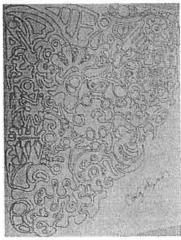
Serving over **45,000 people** in **31 counties**, Volunteer Behavioral Health Care System is a leading mental health provider in the middle, southeast, and upper cumberland regions of Tennessee. We strive to make a difference in every life. We live by our slogan, "Help Today... For a Better Tomorrow".

Volunteer Behavioral Health Care System welcomes any person seeking services for mental health conditions or addiction issues. We use a "no wrong door" approach, and serve people with co-occurring mental illness and addiction based on our core values.

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THE ART of RECOVERY



Craig McCowan pen and ink drawing Ancient Abstract in Modern Times



2 1-877-567-6051

24-Hour Crisis Line: 1-800-704-2651

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ABOUT US

CRISIS SERVICES

Help is available 24 hours a day, 7 days a week. Call our Crisis hotline: 1-800-704-2651.

Crisis Services are available 24 hours a day to respond to adults experiencing a mental health crisis. A mental health crisis is an emergency condition that involves a serious disruption in an individual's daily functioning.

Crisis Services offers information and crisis phone counseling, face to face crisis evaluation, triage and referrals by mobile crisis teams. Crisis Walk-in Centers are available in Chattanooga and Cookeville. Follow-up services includes encouragement and assistance for the individual in accessing on-going services.

MOBILE CRISIS RESPONSE

Community-based crisis response services include the Mobile Crisis Response Teams. The teams provide crisis intervention services in a variety of community settings, including emergency rooms, physician offices, jails and in homes. The service assists individuals who are experiencing a mental health crisis. The Mobile Crisis Response Teams conduct assessments and develop treatment plans based on the immediate safety needs of the individual experiencing the crisis.

CRISIS WALK-IN CENTERS

Crisis Walk-in Centers are available in Chattanooga and Cookeville, Tennessee. The Crisis Walk-in Centers are available 24 hours per day. Treatment professionals and medical staff are available to assist anyone experiencing a mental health crisis.

CRISIS STABILIZATION UNIT (CSU)

Crisis Stabilization Units provide short-term assistance for individuals experiencing a mental health crisis.

Crisis Stabilization Units are located in Chattanooga and Cookeville. Each CSU offers a non-hospital facility with medically supervised short term intensive mental health treatment (up to 72 hours) to adults experiencing serious psychiatric disorders. The Crisis Stabilization Unit offers a place for individuals to receive respite, obtain stability and provides support to families during psychiatric crises.

VBHCS NEWS

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M.A.S.H. Homeless Veterans Program Highlighted in the Chattanooga Area

MASH Program is in the news again

Senator Charlotte Burks Retiring

New Center Director Named for Valley Ridge Mental Health Center

EVENTS CALENDAR





1-877-567-6051 **24-Hour Crisis** Line:

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ADULT SERVICES

OUTPATIENT TREATMENT

Services include individual, couples, family and group therapy. Outpatient treatment services address mental health conditions, addiction and co-occurring disorders. These services are available at each location throughout VBHCS.

EVALUATION SERVICES

VBCHS has a network of trained provides to conduct evaluations. Services include psychological evaluations, fitness for duty evaluations, forensic evaluations and psychosexual evaluations. Other services available include alcohol and drug assessments and parenting assessments.

CASE MANAGEMENT

Case Management is a specialty service to assist individuals and families cope with serious mental illness. For many people, Case Management is a lifeline between resources in the community, medical care and mental health care. Case Managers are in the community every day helping people coordinate appointments, advocating on behalf of individuals and families, and access resources such as food banks or transportation. They provide vital community and home-based support services to people experiencing serious mental illness.

PSYCHIATRIC SERVICES AND MEDICATION MANAGEMENT

Psychiatric evaluation and medication management can be an important part of the recovery process. Medical professionals trained in the treatment of mental health conditions and co-occurring disorders are a vital part of the treatment team. Psychiatric services include medication monitoring and management. Services are provided throughout VBHCS by psychiatrists, nurse practitioners and nurses.

TELEHEALTH

Telehealth is an innovative way to ensure easy access to medical personnel. Telehealth is a direct connection to physicians and medical staff within our system from all locations within Volunteer's 11,000 square miles of coverage area. The telehealth program provides psychiatric coverage to rural counties and enables the medical team to consult with one another on a regular basis.

PEER SUPPORT CENTERS

Peer Support Centers provide individuals experiencing mental illness and co-occurring

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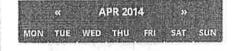
M.A.S.H. Homeless Veterans Program Highlighted in the Chattanooga Area

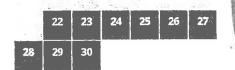
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disorders with a welcoming recovery environment. The program is free to anyone who has a mental health condition or co-occurring mental illness and addiction. Overall health and wellness are important components of the Peer Support Centers. WRAP and Bridges classes assist members in achieving goals. The Centers are peer-run and embrace the principles of recovery, offering a variety of educational, social and recovery-oriented programs.

RESIDENTIAL SERVICES

Volunteer provides a wide range of client driven and community based services that respond to community needs. This includes community based residential opportunities for qualified persons with a history of being severely and persistently mentally ill. Our residential efforts began in the early 1980s and continue today. Residential services are directed toward helping persons with psychiatric disabilities live successfully in diverse communities. Emphasis is placed on insuring a safe, affordable, and empathic environment that is appropriate for the current level of client need. Residential services, in addition to outpatient treatment services, provide qualified clients the opportunity to proceed from hospital settings through a range or continuum of residential options. These level of care options include Supervised Residential (SR), specialized long-term housing, traditional supported living facilities (SLF), supported apartments, and independent community living.

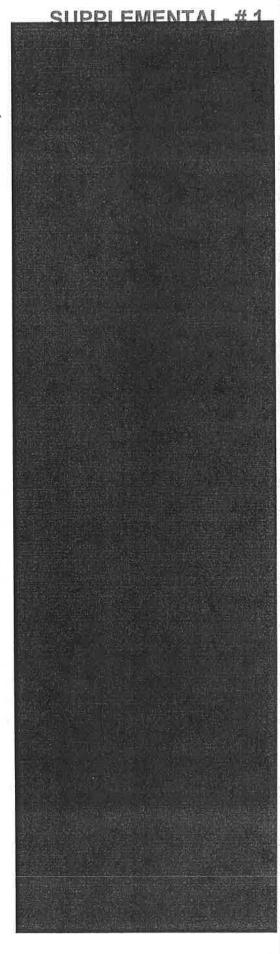
Volunteer housing management is based on the strengths model. It assumes that all persons are capable of growth and that family and communities are resources. It requires a flexible, individualized support system that places clients in settings that maximize their integration into community activities to enhance their ability to function independently. Our housing philosophy is directly linked with the Tennessee Department of Mental Health and Developmental Disabilities (TDMHDD) housing philosophy. Residential Services are currently located in the following counties: Bledsoe, Bradley, Franklin, Hamilton, Marion, McMinn, Warren, and Wilson.

CRIMINAL JUSTICE MENTAL HEALTH LIAISON

Through a grant from the state Volunteer provides a staff person in Hamilton county to work within the legal system to advocate for persons who have mental illness. Goals include early identification and diversion for those who are at risk for incarceration and linkage with needed services for those who have become incarcerated. Secondly, CJMH liaisons provide overview training of mental health disorders for law enforcement, attorneys, probation and parole and training on the legal system for mental health professionals. This service can be accessed through the Volunteer Chattanooga office.

PROJECTS FOR ASSISTANCE IN TRANSITION FROM HOMELESSNESS (PATH)

The PATH Program is a federal program administered by the Substance Abuse and Mental Health Services Administration. The focus of this program is to help meet the needs of homeless people who have mental illnesses by engaging them in the services provided by mental health centers and other mental health providers, community-based social service agencies, health care providers and substance abuse service providers. Services include outreach, screening and assessments, case management services,



habitation and rehabilitation, alcohol or drug treatment, and limited housing services. Volunteer offers this program at The Guidance Center in Murfreesboro, Plateau Mental Health in Cookeville, and Johnson Mental Health Center in Chattanooga.

CHOICES WOMEN'S PROGRAM

The Choices program provides the support you need to make your recovery real. Experience genuine supportand develop real-life skills to prevent relapse. Become part of Choices and experience real recovery. The Choices program offers an intensive outpatient program, meeting three days per week, for three hours per day. After completing the intensive outpatient program, aftercare support groups meet regularly to help you stay on your path of recovery. CHOICES is offered in our Murfreesboro, Cookeville, Athens and Madisonville locations.

MY RECOVERY- E THERAPY AND ONLINE SUPPORT

The program, My Recovery.vbhcs, is a way to stay in touch with people in recovery and with a therapist to help you with life issues as they arise. For many people, getting support and therapy on-line may seem unusual. However, there are many advantages to on-line support. To participate in My Recovery.vbhcs, talk with your counselor about enrolling in the program. You will need to complete a short screening to make sure an on-line program best meets your needs. Once accepted, you will be provided a log-in and password and complete as brief orientation to Myrecovery.vbhcs.

CONNECTING MY RECOVERY

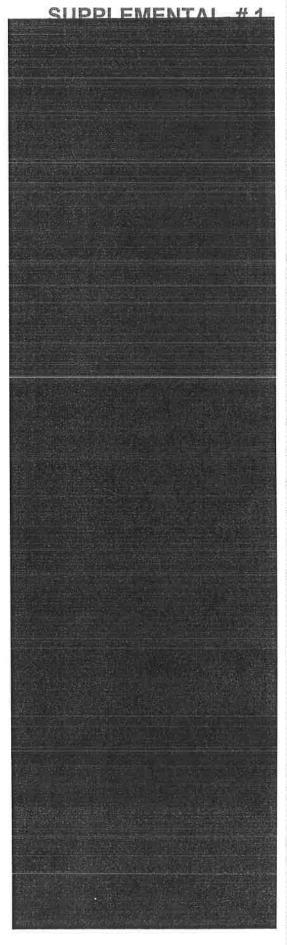
This programs purpose is to assist individuals with substance use, co-occurring disorders and chronic medical conditions. Connecting My Recovery is an innovative program that serves adults who are experiencing symptoms of addiction or co-occurring disorders and chronic medical conditions. The program uses technology to help individuals monitor and manage chronic conditions. Health education is an important part of the program and gives participants the tools they need to live healthy, recovery oriented lives. For more information please contact our Cookeville office.

M.A.S.H. (MISSION ACCOMPLISHED: STABILIZED HOUSING)

The M.A.S.H. Program provides supportive services to very low-income veteran families who are at risk of homelessness or who are homeless. This grant allows us to assist very low income veteran families by providing a range of supportive services designed to promote housing stability. M.A.S.H. proudly serves: Bledsoe, Bradley, Cannon,Clay, Cumberland, DeKalb, Fentress, Franklin,Grundy, Hamilton, Jackson, Macon, Marion,McMinn, Meigs, Overton, Pickett, Polk, Putnam,Rhea, Sequatchie, Smith, Van Buren, Warren, White and Wilson Counties. For more information email: ssvf@vbhcs.org

TRANSITION TO RECOVERY (TTR)

TTR is designed to eliminate barriers to successful reincarnation back into the community by assisting participants with recovery from addiction disorders, co-occurring disorders and trauma. The program provides screening, assessment and reentry planning for participants who are within four months of release from jail and have been sentenced to more than three months of incarceration.



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OUTPATIENT SERVICES

Outpatient services include several treatment components. Individual, family and couples therapy is available as part of outpatient services throughout the Volunteer system. Volunteer has clinical staff trained in family therapy as well as expertise in treatment of marital and relationship issues. Individual therapy is available for children, adolescents and adults. Specialized group therapy is available at several locations. These include groups addressing attention deficit hyperactivity disorder, depression, anger management and sexual offender treatment. Providers are trained in several evidence-based practices including Trauma-Focused Cognitive Behavioral Therapy (TF_CBT) and Attachment, Self-Regulation and Competency (ARC).

EVALUATION AND ASSESSMENT SERVICES

Evaluation services are available to children and adolescents throughout the Volunteer service area. Specific services include psychological evaluations, parenting assessments, alcohol and drug assessments and sexual offender assessments. We also provide consultation and evaluation services for local school systems and work with families to ensure appropriate mental health evaluations are administered.

COURT ORDERED EVALUATIONS

Local juvenile court systems often look to Volunteer Behavioral Health Care Services clinical staff to provide evaluation services for children and adolescents involved in the court system. We provide psychological evaluations, competency evaluations and assessments of mental status as well as substance abuse. These services assist judges and court officers in planning for the care of the children and adolescents under their jurisdiction. Clinical staff who specialize in forensic evaluations work closely with the court systems in our area in providing these services. Court ordered evaluations are available in each county served by Volunteer Behavioral Health Care Services.

CHILD AND ADOLESCENT CASE MANAGEMENT

Case management services for children and adolescents provide the entire family system with support, linkage, referral, and advocacy. The case manager's role is to assist the family in accessing services, managing crisis and maintaining the least restrictive environment for the child/adolescent being served. Case management is a family-centered, strengths-based model specifically for families with children who are seriously emotionally disturbed.

SPECIALIZED PSYCHIATRIC SERVICES

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Many times children require medications to assist with managing emotional problems. Volunteer's medical team consists of several experts in the field of child and adolescent psychiatry. The medical team includes registered nurses, nurse practitioners and psychiatrists.

TELEHEALTH

Telehealth is an innovative way to ensure easy access to medical personnel. Telehealth is a direct connection to physicians and medical staff within our system from all locations within Volunteer's 11,000 square miles of coverage area. The telehealth program provides psychiatric coverage to rural counties and enables the medical team to consult with one another on a regular basis.

PROJECT AFFIRM

Project AFFIRM is a planned respite program for families with children who have serious emotional disturbances. The program provides families with break time and support, as well as the development of behavioral management skills with the children. The program model provides short-term relief as well as teaching an empowerment model to parents which assists the families in accessing community supports for longer-term respite care.

Volunteer also provides state technical assistance and training to all state contracted planned respite programs throughout Tennessee.

REGIONAL INTERVENTION PROGRAM (RIP)

RIP is a nationally recognized model for assisting families with learning behavior management skills. RIP is a grant funded program providing parents with opportunities to learn and practice skills in a supportive environment. The program is designed for families with children under six years of age who are experiencing behavioral problems.

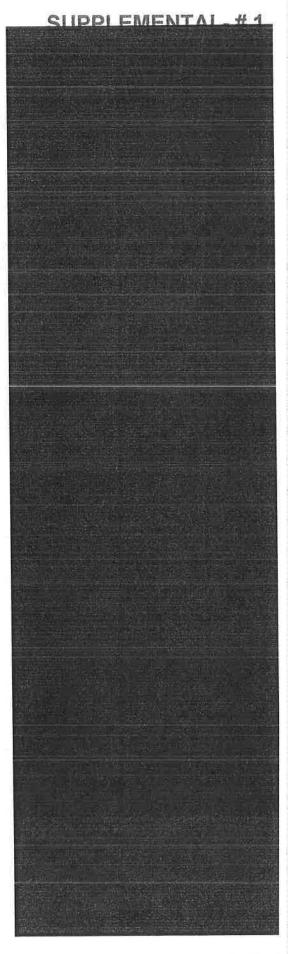
Volunteer also houses the Regional Intervention Program State Coordinator. The position provides training, consultation and programmatic guidance to RIP programs throughout the state.

PROJECT BASIC (BETTER ATTITUDES AND SKILLS IN CHILDREN)

Project Basic is a school-based mental health early intervention and prevention program. This grant-funded program provides Child Development Specialists in elementary schools. The program targets students from kindergarten to third grade, providing early identification and intervention, teacher consultation and classroom programming to promote positive attitudes and mental health wellness concepts. Families with students at high risk of emotional disturbances are linked to community services and treatment services.

SCHOOL-BASED COUNSELING

School-based counseling provides mental health counseling services for children and adolescents in the school setting. Individual therapy, family consultation and school staff consultation is provided for targeted children and adolescents within a specific



225

school location.

ADOLESCENT DAY TREATMENT

The Endeavor Program in Cookeville is a structured adolescent day treatment and school program for adolescents between the ages of 13 to 18. The program provides a structured treatment component for adolescents experiencing addiction or co-occurring mental illness and addiction. The treatment activities include groups and Individual counseling to enhance understanding of addiction and co-occurring disorders. Individual needs are addressed and cognitive behavioral therapy is used to improve coping skills. The Endeavor program's educational component ensures that participants continue making academic progress while in the program.

SUPPLEMENTAL #1

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Appointments

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SUPPLEMENTAL # 1

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VOLUNTEER NEALTH

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PEER RECOVERY

MY RECOVERY

MyRecovery.vbhcs.org is a positive, strengths-focused website to support people in recovery from addiction and co-occurring disorders. The website provides e-therapy with a master's level therapist, self-help support groups and chat rooms facilitated and monitored by recovery coaches. The site offers resources and educational materials on a variety of issues related to addiction and co-occurring disorders

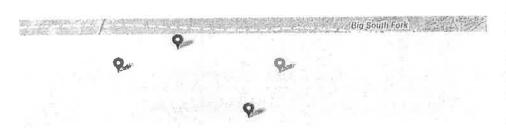
MyRecovery.vbhcs.org offers hope for recovery through a variety of peer support opportunities including developing a personal profile, posting updates, blogs, affirmations recovery chats and private messaging. The live, real time chat rooms are an invaluable resource and provide a place to share positive feedback through the experiences, strength and hope of others in recovery. Chat rooms also hold real time, all inclusive recovery meetings which focus on co-occurring issues as well as substance abuse. The therapeutic value of one recovering individual assisting another is one of our greatest attributes. MyRecovery is a nontraditional recovery support program and is not meant to "replace" one type of recovery for the other, but is intended to be a supplement for many that are unable to find recovery in traditional methods or mediums.

PFFR SUPPORT CENTERS

Peer support can be one of the most significant tools a person can use on their journey to recovery.

The VBH Peer Support Centers utilize a peer to peer best-practice model that supports people who have been diagnosed with mental illness. The centers utilize Peer Support Specialists, mental health consumers themselves, who recognize that people are capable of solving most of their own problems of daily living. The Peer Support Specialist focuses on wellness and recovery rather than on illness and disability as peers share with one another their experiences, their strengths, and their hope - a powerful combination for recovery.

Click on the map to determine which peer support center is closest to you!



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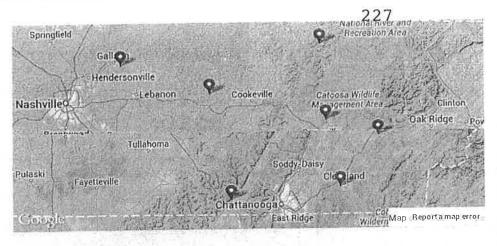
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Senator Charlotte Burks Retiring

New Center Director Named for Valley Ridge Mental Health Center

EVENTS CALENDAR





CONCORD HOUSE

Host Agency Contact: Susan Phillips, 615-444-4300 Belinda Stafford, Manager 615-666-9896 707 Music Row Road Lafayette, TN 37083

THE COTTAGE

Host Agency Contact: Sheila Beard, 423-942-3961 Paul Turney, Manager 423-942-9177 112 College Street Jasper, TN 37347

DAKODA PLACE

Host Agency Contact: Carrie Robinson, 423-745-8802 Tina Gesolgon, Manager 424 Old Riceville Road Athens, TN 37303

DAKODA PLACE

Host Agency Contact: David Franz, 423-479-5454 Tina Gesolgon, Manager 423-339-9622 940 South Ocoee St Cleveland TN 37311

FRIENDS & COMPANY

Host Agency Contact: Shelba Hodges, 931-432-4123 Angel Smithers, Manager (931) 432-7875 1200 South Willow Avenue Cookeville TN 38506

FRIENDSHIP CIRCLE

Host Agency Contact: Carrie Robinson, 423-745-8802 Becky Porter, Manager 423-775-0809 9443 Rhea County Highway Dayton, TN 37321

HARMONY HOUSE

Host Agency Contact: Janie Stewart, 423-473-9649 Mary Webb, Manager 931-280-7958 107 Lyon St. McMinnville, TN 37110

MY FRIENDS HOUSE

Host Agency Contact: Anne Stamps 931-823-5678 Nicole Pass, Director 931-823-5680 209 B South Church St. Livingston, TN 38570

PREPS CENTER

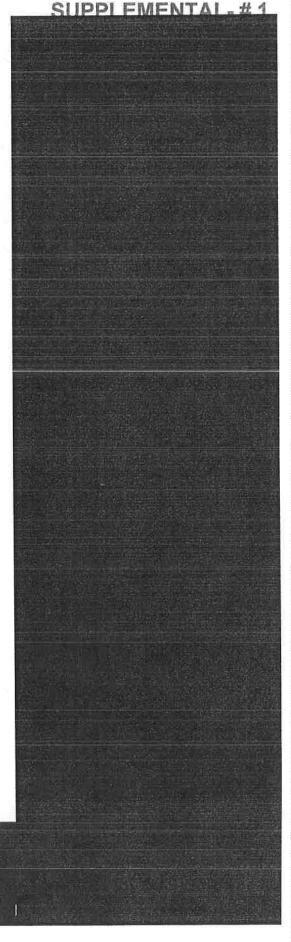
Host Agency Contact: Anne Stamps, 931-484-8020 Sandra Crabtree, Director 931-456-4727 47 Willow Street Crossville, TN 38558

ENRICHMENT HOUSE

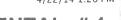
Host Agency Contact: Susan Phillips, 615-666-8070 Belinda Stafford, Manager 615-452-2344 538 East Main Street Gallatin, TN 37066

OUR PLACE

Host Agency Contact: Kim Rush, 615-898-0771 Ed Rothstein, Manager 615-867-3538 120 Hancock Street Murfreesboro, TN 37130



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ADDICTION and CO-OCCURRING DISORDERS SERVICES

OUTPATIENT SERVICES

Addictions and co-occurring disorders treatment services are designed to help individuals develop the necessary skills to maintain a healthy, recovery-oriented lifestyle. Outpatient counseling may include individual, family and group counseling. Family involvement is an important component of the recovery process and is welcome as part of each person's treatment process. Outpatient counseling is offered at all locations.

INTENSIVE OUTPATIENT PROGRAM

Intensive Outpatient Programs provide a structured, evidence-based treatment services for individuals with addiction or co-occurring mental illness and addiction. The program meets at least three hours per day a minimum of three days per week. Services are offered in a group format. On-going support and aftercare are vital components to continuing recovery and are available as part of the Intensive Outpatient Programs.

ADOLESCENT DAY TREATMENT

The Endeavor Program in Cookeville is a structured adolescent day treatment and school program for adolescents between the ages of 13 to 18. The program provides a structured treatment component for adolescents experiencing addiction or co-occurring mental illness and addiction. The treatment activities include groups and Individual counseling to enhance understanding of addiction and co-occurring disorders. Individual needs are addressed and cognitive behavioral therapy is used to improve coping skills. The Endeavor program's educational component ensures that participants continue making academic progress while in the program.

RESIDENTIAL TREATMENT AND DETOXIFICATION

The New Leaf Recovery Center in Cookeville, Tennessee provides residential treatment and detoxification for individuals with addiction and co-occurring disorders. The Medical and Social Detoxification Programs offers a planned regimen that includes 24hour medically directed evaluation and monitoring. When detoxification is completed, participants can make a smooth transition into the residential treatment program. The program provides a structured treatment program using evidence-based protocols to assist individuals with the first steps toward recovery. Discharge planning includes the development of a comprehensive, community-based recovery and relapse prevention plan.

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MEDICALLY MANAGED CRISIS DETOXIFICATION

The Medically Managed Crisis Detoxification program provides detoxification to individuals who are experiencing a mental health crisis and are in need of detoxification from alcohol or drugs. The program is located in Cookeville and is a collaboration between the Crisis Stabilization Unit, Walk-in Center and New Leaf Recovery Center.

HALF-WAY HOUSE

Reality House in Cleveland is a 10 bed halfway house for males. Admission is open to persons who have been through a detoxification program or have documentation that they have not used alcohol or drugs in at least 14 days. These individuals must desire a safe place to continue the learning process necessary for sustained recovery.

CHOICES WOMEN'S PROGRAM

The Choices program provides the support you need to make your recovery real. Experience genuine supportand develop real-life skills to prevent relapse. Become part of Choices and experience real recovery. The Choices program offers an intensive outpatient program, meeting three days per week, for three hours per day. After completing the intensive outpatient program, aftercare support groups meet regularly to help you stay on your path of recovery. CHOICES is offered in our Murfreesboro, Cookeville, Athens and Madisonville locations.

CONNECTING MY RECOVERY

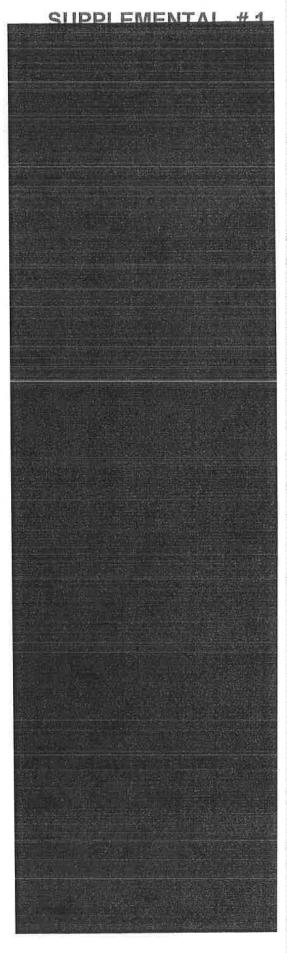
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MY RECOVERY

New Leaf Recovery Program offers an on-line service to help you continue moving forward in recovery. The program, MyRecovery.vbhcs.org, is a way to stay in touch with people in recovery and with a therapist to help you with life issues as they arise. For many people, getting support and therapy on-line may seem unusual. However, there are many advantages to on-line support. To participate in MyRecovery.vbhcs, talk with your counselor about enrolling in the program. You will need to complete a short screening to make sure an on-line program best meets your needs. Once accepted, you will be provided a log-in and password and complete as brief orientation to Myrecovery.vbhcs.org

ADDICTIONS AND CO-OCCURRING DISORDERS SPECIALTY CONTRACTS

Addiction Recovery Program provides recovery-oriented support for individuals with addiction or co-occurring disorders. Services include individual and group formats for



relapse prevention and recovery skills development.

Community Treatment Collaborative provides addictions treatment services to individuals involved with the criminal justice system. Referrals are accepted from the Board of Probation and Parole forensic social workers in each area.

Supervised Probation Offender Treatment is a contracted service with the Tennessee Department of Mental Health and Substance Abuse Services and the Department of Corrections to provide addictions treatment services for individuals on probation.

ADAT is a DUI program providing a variety of treatment resources for individuals with multiple DUIs. The service must be referred via the court system.

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HIWASSEE MENTAL HEALTH CENTER - ATHENS



Director: Carrie Robinson

Location:

1805 Ingleside Ave Athens, TN 37303 Phone: (423) 745-8802 Fax: (423) 744-7064

Mailing Address:

P.O. Box 685 Athens, TN 37371

AVAILABLE PROGRAMS:

- Addiction Recovery Program
- Apartments One and Two Bedroom
- Case Management adult and child
- Community Treatment Collaborative Board of Probation and Parole treatment contract
- Federal Probation mental health and addictions treatment services
- Forensic Services
- Genoa Pharmacy
- Intensive Outpatient for Women with Co-Occurring disorders (CHOICES)
- Mobile Crisis Response
- Outpatient Therapy individual, family and group
- Peer Support Center
- Positive Action Prevention Program
- Project Basic
- Psychiatric Medication Management
- Psychological Evaluations
- Psychosexual Evaluations for adults and adolescents
- Rental Assistance
- Specialty Contracts for VA and Military Evaluations
- Supervised Probation Offender Treatment
- Supportive Housing
- Tele-health

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HIWASSEE MENTAL HEALTH CENTER - CLEVELAND



Director: David Franz

Location:

940 South Ocoee St Cleveland, TN 37311 Phone: (423) 479-5454 Fax: (423) 339-3421

AVAILABLE PROGRAMS:

- Addiction Recovery Program
- Case Management adult and child
- Community Treatment Collaborative -- Board of Probation and Parole treatment contract
- Federal Probation mental health and addictions treatment services
- Forensic Services
- · Mobile Crisis Response
- Outpatient Therapy individual, family and group
- Peer Support Center
- Positive Action Prevention Program
- Psychiatric Medication Management
- Psychological Evaluations
- Psychosexual Evaluations for adults and adolescents
- Regional Intervention Program (RIP)
- Rental Assistance
- Residential Recovery Program- Halfway House
- Specialty Contracts for VA and Military Evaluations
- Supervised Probation Offender Treatment
- Supportive Housing
- · Tele-health

VBHCS NEWS

Volunteer President/CEO, Chris Wyre, Named MHCA Chairman of the Board

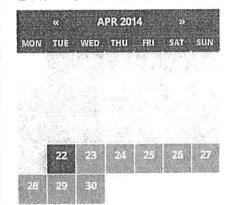
M.A.S.H. Homeless Veterans Program Highlighted in the Chattanooga Area

MASH Program is in the news again

Senator Charlotte Burks Retiring

New Center Director Named for Valley Ridge Mental Health Center

EVENTS CALENDAR



SUPPLEMENTAL #2

COPY SUPPLEMENTAL-2

Starr Regional Medical Center

CN1404-009

DSG Development Support Group



April 28, 2014

Jeff Grimm, HSD Examiner Tennessee Health Services and Development Agency Andrew Jackson Building, 9th Floor 502 Deaderick Street Nashville, TN 37243

RE: CON Application #1404-009

Starr Regional Medical Center (Etowah Campus)

Dear Mr. Grimm:

This letter responds to your second supplemental request for additional information on this application. The items below are numbered to correspond to your questions. They are provided in triplicate, with affidavit. Information provided is from the applicant's management team.

1. Section B, Project Description, Item B.II.A

The tables are noted describing the distribution of beds on the GPU and the proposed changes in spaces.

The square feet of the two new rooms shown for the 14-bed plan appear to be 254 SF and 252 SF in the second table in lieu of the 264 SF mentioned in item 3 (second paragraph), page 5 of the response. Please clarify.

Attached following this page is revised Page Five of the first supplemental response. It has been changed to say that the two new rooms each will contain "more than 250 SF" of clear floor space. It is now consistent with the table. The original "264 SF" entry had been an earlier architect's estimate that had not been changed when the architect completed the table for SRMC.

Page Two April 28, 2014

2. Section B, Project Description, Item II.B.

There are no staffed medical surgical beds projected for July 1, 2014 and later for the reasons noted by the applicant. Also noted are the remarks pertaining to the hospital's actual bed capacity of 60 versus 72 licensed beds. Please confirm that these factors are reflected in the utilization projections related to total occupancy of the hospital from 2015-2017 as reflected in the table provided on page 35c of the application (Section C, Need, Item 6).

Tables Sixteen-A and -B provide utilization data on licensed beds only. Staffed beds are subject to frequent changes during a year, from seasonal and other causes. But licensed beds do not often change; so applicants' data on bed utilization has always used licensed beds as a more stable point of reference for analyzing trends.

The submitted tables showed no utilization of medical-surgical and ICU/CCU services in years 2015-2017; so they do already reflect the suspension of staffing of those beds during those two years. The hospital does not know how better to present the staffing circumstances other than in the narrative, the bed tables submitted on April 24, and the Part A listing of future staffing changes.

However, the submitted tables projected that utilization of medical-surgical and ICU-CCU beds would be the same for 2013 and 2014. Now that the hospital and medical staff have set July 2014 as the month in which those services are fully suspended, that projection should be revised. So attached after this page are revised pages 35b-R and 35C-R, with the following changes:

- a. The bed title for critical care beds has been changed to "ICU-CCU" as the reviewer suggests in question #4 below.
- b. The hospital estimates that with July bed closures, the medical-surgical admissions in CY2014 will be only 40% of those beds' 2013 admissions. ALOS will remain the same.
- c. ICU/CCU admissions are projected at 16.4% of medical-surgical admissions with ALOS remaining the same. The observation days are projected at 40% of the CY2013 observation days.

Page Three April 28, 2013

3. Section C, Need, Item 1.a Service-Specific Criteria (Psychiatric Inpatient Services-Item C.4)

The applicant's plans to accept involuntary commitments are noted. Please complete the following table to identify admissions of the GPU from this source:

Projected Admissions				
	2015 (Phase 1)	2016 (Year 1)	2017 (Year 2)	
Involuntary Admissions	9(3%)	12(4%)	16(5%)	
Total Admissions	290	305	320	

Source: Hospital management. Admissions rounded.

This is very difficult for the hospital to estimate, not having had experience with it in this service area. Hospital management projects involuntary admissions to be in the 3%-5% range of total admissions. However, if more such assistance is needed it can be provided.

4. Section C, Need, Item 6

The applicant's comments are noted. In addition to clarification that was requested for the entries in the table on page 35c regarding the hospital's medical-surgical unit, please also address the changes that may be necessary for the projected utilization of the hospital's critical and intensive care beds (note: I believe that CCU-ICU beds may be the correct category in lieu of the reference in the table to "critical and intermediate care beds"). The CCU-ICU bed utilization projections that should be reviewed for accuracy are those that apply to CY2015, CY2016 and CY2017.

These have been adjusted; see response to question #2 above.



Page Four April 28, 2014

Section C, Economic Feasibility, Item 5

Based on the Historical Data Chart provided in the 4/24/14 supplemental response for the 10 bed GPU, gross charges remained relatively unchanged from approximately \$1,412 per patient per day (ppd) in CY2011 to \$1,436 ppd in CY2013. However, the GPU's gross charge increases by approximately 43% from CY2013 to \$2,054 ppd in CY2016 (Year 1) and \$2,185ppd in CY2017. Please explain the reason for the significant increase in the GPU's average gross charge.

The former Woods Memorial Hospital in Etowah was not financially solvent, which is why it was sold to a larger hospital system. At the end of CY2013 its charge-master was upgraded to match that of the main SRMC campus in Athensmeaning that its room rates and ancillary charges were matched to those of SRMC Athens. This resulted in an increase in gross charges for the psychiatric unit, which you have identified.

However, that increase was very reasonable in the marketplace. The service area's only other psychiatric provider in Cleveland reported an average charge per day in 2012 that was 18% higher than SRMC is projecting for SRMC Etowah in 2017--five years later. See Table Eighteen in the submitted application.

Moreover, at 98% Medicare utilization, the Etowah unit's "gross charges" are virtually meaningless in terms of cost of care. The hospital will be paid almost entirely whatever Medicare sets as reasonable payment for geropsychiatric care.

Additional Material: Attached after this page is revised page 45R, correcting the column heading in Table Seventeen from 2018 to 2017.

Thank you for your assistance. We hope this provides the information needed to accept the application into the next review cycle. If more is needed please FAX or telephone me so that we can respond in time to be deemed complete.

Respectfully,

John Wellborn Consultant

John Wellborn

AFFIDAVIT

STATE OF TENNESSEE
COUNTY OF DAVIDSON

HF-0043

Revised 7/02

NAME OF FACILITY:	
Stan Regional Med	ies Center - Etowal
I, JOHN WELLBORN, after first being duly sworn, agent of the applicant named in this Certificate of thereof, that I have reviewed all of the supplemental and that it is true, accurate, and complete to the be	Need application or the lawful agenental information submitted herewith
	1
	John Llellon
Sig	nature/Title
•	
Sworn to and subscribed before me, a Notary Public, t witness my hand at office in the County of DAU 05	
ทอ	TARY PUBLIC
My commission expires	7 ALVOORING TOOL TOOL TOOL TOOL TOOL TOOL TOOL TOO



STATE OF TENNESSEE

DEPARTMENT OF MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES

ANDREW JOHNSON TOWER, 11th FLOOR 710 JAMES ROBERTSON PARKWAY NASHVILLE, TENNESSEE 37243-0675

BILL HASLAM GOVERNOR

E. DOUGLAS VARNEY COMMISSIONER

MEMORANDUM

TO:

Melanie Hill, Executive Director

Health Services and Development Agency

CC:

Department of Health

E. Douglas Varney, Commissioner, TDMHSAS Marie Williams, Deputy Commissioner, TDMHSAS

John Arredondo, Assistant Commissioner, Hospital Services, TDMHSAS In Brater Grave

FROM:

Sandra Braber-Grove, Assistant General Counsel

Director, Office of Contracts and Privacy/Division of General Counsel

DATE:

July 11, 2014

RE:

Certificate of Need Application

Starr Regional Medical Center

CN1404-009

The Tennessee Department of Health is, and will continue to be, the licensing agency for the Starr Regional Medical Center facility. The subject CON application (CN1404-009) is for the expansion of an existing ten (10)-bed inpatient geriatric psychiatric (gero-psych) unit by adding four (4) inpatient (gero-psych) beds, bringing the total to fourteen (14) inpatient gero-psych beds. The Applicant seeks to convert four (4) existing medical-surgical (med-surg) beds into gero-psych beds, thus resulting in no change to the total number of existing beds at the facility.

The Applicant (Athens Regional Medical Center, LLC) reports that it owns and operates the only two (2) acute care facilities in McMinn County, Tennessee under one consolidated one hundred ninety (190)-bed license. The two (2) facilities are located in Athens and Etowah, and prior to Calendar Year (CY) 2014, the facilities were named Athens Regional Medical Center and Woods Memorial Hospital, but are now "doing business as" (d/b/a) Starr Regional Medical Center-Athens (118 beds) and Starr Regional Medical Center-Etowah (72) beds. [Application, Page 5] As reported on Page 8 of the application, Starr Regional Medical Center-Etowah is owned and operated by Athens Regional Medical Center, LLC, which is owned through a series of entities that are wholly (100%) or majority (97%) owned by LifePoint Hospitals, Inc., the parent company. Horizon Health (Horizon Mental Health Management, LLC d/b/a Horizon Health Behavioral Health Services) is identified as the Management/Operating Entity on Page 2 of the application. On Page 27 of the application it is reported that the Applicant's new owner, LifePoint Hospitals, has acquired the Etowah facility and merged it with Starr Regional Medical Center-Athens within the past year. Further, the Applicant reports that long range planning for coordinated operation of both campuses is underway, but is not

yet complete, but there is a long-standing commitment to high quality behavioral healthcare at the Etowah facility and this project will expand and enhance the program of psychiatric services at the facility.

The Tennessee Department of Mental Health and Substance Abuse Services (TDMHSAS) was asked to review the application to address the need for additional gero-psych beds in the Applicant's proposed service area comprised of the following Tennessee Counties: Bradley, McMinn, Meigs, Monroe, and Polk. We were also asked to review the submitted Joint Commission reports (survey dates of 01/01/2012-01/11/2012 and 09/09/2013-09/10/2013) and the submitted Tennessee Department of Health Statement of Deficiencies and Plan of Correction (survey date of April 25, 2006).

Several staff members of the TDMHSAS have been consulted and contributed to this report.

There are specific criteria for psychiatric inpatient services set forth in the publication <u>Tennessee's Health: Guidelines for Growth, 2000 Edition</u>. The TDMHSAS understands that the Tennessee Department of Health, as the licensing agency, has analyzed these criteria and issued a full report.

This memorandum, as mentioned, will address the need for additional gero-psych beds in the Applicant's proposed service area comprised of the following Tennessee Counties: Bradley, McMinn, Meigs, Monroe, and Polk. Economic feasibility will not be addressed.

Staff of the TDMHSAS have reviewed and analyzed the application and offer the following in general support of approval of the application. As requested, we are including some discussion on the submitted reports (Joint Commission reports for survey dates of 01/01/2012-01/11/2012 and 09/09/2013-09/10/2013 and the submitted Tennessee Department of Health Statement of Deficiencies and Plan of Correction (survey date of April 25, 2006).

Need

A note about inpatient psychiatric beds. As mentioned in a report for an earlier CON application, the Guidelines for Growth publication specifies a formula of thirty (30) beds per a population of one hundred thousand (100,000) to determine the need for inpatient psychiatric beds. As also mentioned in that earlier report, in practice, application of the formula has often resulted, but does not always result, in an underestimation of the number of inpatient psychiatric beds needed due to the impact of other factors on bed utilization, including: the willingness of the provider to accept emergency involuntary admissions; the extent to which the provider serves the TennCare population and/or the indigent population; and the number of beds designated as "specialty" beds (gero-psych units or units established to treat patients with specific diagnoses). These factors limit the availability of beds for the general population, as well as for specialty populations, depending on how the beds are distributed.

There is a need

The Applicant reports that the Etowah facility has operated a ten (10)-bed inpatient gero-psych unit for nine (9) years and is the only facility providing gero-psych services in McMinn County. The Applicant also reports that the facility primarily serves those 65+ years of age. Since the adult population, those 18-64 years of

TDMHSAS Memorandum CON Application #CN1404-009 Page 3 of 4

age, is not the focus, those population figures are not addressed in this memorandum.

The chart submitted by the Applicant (Page 14 of the application) indicates that there is a net bed need of 17 beds (16.82 rounded) when applying the formula (30 beds per 100,000 population) to the population figures for the service area and it is only requesting four (4) additional beds. However, since the application under review seeks to increase the number of gero-psych beds, the formula should be applied to just those numbers. As shown, the population of those 65+ years of age in the service area is 45,833. There is a bed need of 14 (13.75 rounded) [45,833 x 30 \div 100,000]. Since only ten (10) gero-psych beds are in existence, this project to add four (4) gero-psych beds, if approved, would meet the unfilled need.

The reported current utilization of existing beds also supports the need for additional beds. On Page 12 of the application, the Applicant explains that inpatient geropsych admissions have been steadily increasing; approximately 27% during the past two (2) years. The Applicant further explains that the average annual occupancy of 66%, as reported in the Joint Annual Reports, is actually "misleading and is an incomplete picture of bed need" for reasons explained in the application, one such reason being that having to use double rooms as single rooms to assure gender separation lowers available bed capacity. The additional beds would enable the Applicant to avoid denials of admissions in peak periods of demand. Further, since the existing unit is a small unit, each single admission or discharge represents an immediate 10% change in occupancy. The Applicant reports that for CY2013, actual occupancy was 80% or greater on almost half of the days and 90% or greater almost one day each week. Further explanation of the projected increase in admissions was provided on Page 14 of the application: during CY2013 and early CY2014, a Medical Director was not available on Thursdays and Fridays to examine and admit new patients: this limitation will be removed over the next few months, making admissions to the unit available every weekday, which will result in an increase in admissions. Further, there will be a steady increase in the population of older persons in the service area; the Applicant reports almost 5,000 more elderly persons in the primary service area by 2018. In Supplemental #1 the Applicant explains that a Community Education Manager was employed in February 2014 to expand public awareness of the service, which has resulted in an increase in the average daily census. Further, the Applicant reports that this type of community outreach will continue and there will be an increase in deepening the relationships with area nursing homes, assisted living facilities, senior centers, and home health organizations.

The Applicant reports that services will be available to elderly patients of both genders, all income levels, all racial and ethnic groups, and patients requiring involuntary admissions. The Applicant further reports that involuntary admissions have not been accepted in the past since the immediate availability of legal counsel and a judge to authorize the admission has been difficult to achieve in a rural area; however, there are plans to accept involuntary admissions, with the support of the local judicial system and involvement of the Crisis Response Team of the Volunteer Behavioral Health System (as noted in Supplemental #1), and the enlarged unit will have more capacity to make it feasible to do so.

In the discussion about alternatives (Page 49 of the application), the Applicant explains that maintaining the status quo at ten (10) beds was rejected because the Applicant is the only provider of "significant levels" of gero-psych care in the service area; admissions peaks over 80% occupancy are now more frequent than in the past; and it is projected that there will be more turn-aways for lack of bed space if nothing is done. In Supplemental #1 it is reported that this unit has a waiting list in

TDMHSAS Memorandum CON Application #CN1404-009 Page 4 of 4

CY2014 and more beds are needed. Relocating to another part of the hospital was rejected due to the need for this unit to be a secure unit. Renovation of existing space is more cost efficient than new construction, but a small amount of new construction will be needed in the second phase.

It should be noted that the Applicant reports the existence of a thirty (30)-bed inpatient psychiatric unit in Bradley County at Skyridge Medical Center Westside, but explains that this unit primarily serves the adult population (those 18-64 years of age) and provided less than 10% of the area's total days of psychiatric care for adults age 65+ years, with less than 4% of its psychiatric admissions being those 65+ years of age. The Applicant reports that in CY2012, 96.5% of Skyridge's admissions were those less than 65 years of age while in that same year 93.3% of the Applicant's facility's admissions were those 65+ years of age. The proposed project should have no adverse impact on the Skyridge facility.

It is also noted that there are letters of support from area nursing centers, nursing homes, and other healthcare centers. The Department is not aware of any opposition at this time.

Joint Commission and Tennessee Department of Health Reports

As requested, we are including some discussion on the submitted reports (Joint Commission reports for survey dates of 01/01/2012-01/11/2012 and 09/09/2013-09/10/2013 and the submitted Tennessee Department of Health Statement of Deficiencies and Plan of Correction (survey date of April 25, 2006).

A review of the reports does raise concerns. However, it appears that all findings have been appropriately addressed and deficiencies have been corrected. As addressed by the Applicant (Page 22 of Supplemental #1), the facility was not owned by LifePoint or Starr Regional Medical Center-Athens at the time of the deficiencies. As reported, both entities take appropriate measures to avoid Joint Commission citations and to correct any that are issued and appropriate personnel meet with management to identify and correct past problems and means by which citations are avoided in the future. It appears that the new owners of this facility are making, and will continue to make, improvements.

Please feel free to contact us if you have any questions or want any additional information.



CERTIFICATE OF NEED REVIEWED BY THE DEPARTMENT OF HEALTH DIVISION OF POLICY, PLANNING AND ASSESSMENT

615-741-1954

DATE:

June 30, 2014

APPLICANT:

Starr Regional Medical Center-Etowah

886 Highway 411 North Etowah, Tennessee 37331

CN1404-009

CONTACT PERSON:

John Wellborn, Consultant Development Support Group 4219 Hillsboro Road, Suite 210 Nashville, Tennessee 37215

COST:

\$1,283,050

In accordance with Section 68-11-1608(a) of the Tennessee Health Services and Planning Act of 2002, the Tennessee Department of Health, Division of Policy, Planning, and Assessment, reviewed this certificate of need application for financial impact, TennCare participation, compliance with *Tennessee's State Health Plan*, and verified certain data. Additional clarification or comment relative to the application is provided, as applicable, under the heading "Note to Agency Members."

SUMMARY:

The applicant, Starr Regional Medical Center-Etowah, (SMRC) located in Etowah, (McMinn County), Tennessee, seeks Certificate of Need (CON) approval to add four (4) geropsychiatric beds to its existing ten (10) bed inpatient geropsychiatric unit, making it a fourteen (14) bed unit. The project location is the hospital's facility at 886 Highway 411 North, Etowah, Tennessee. 37331

Athens Regional Medical Center, LLC holds a 190-bed consolidated hospital license, under which it operates 118 acute care beds at Starr Regional Medical Center-Athens, and 72 acute care hospital beds at the Starr Regional Medical Center-Etowah. Both facilities are located in McMinn County. Upon opening four additional geropsychiatric beds at Etowah, the applicant will close four of its general hospital beds in Etowah, and not change the 190-bed hospital license for both the Athens and Etowah facilities. The project does not contain major medical equipment or initiate or discontinue any health service.

The project involves 5,201 square feet of renovated construction at a cost per square foot of \$130.35 and 980 square feet of new construction at a cost of \$150.05 per square foot. Total construction cost is \$133.50 per square foot.

Starr Regional Medical Center-Etowah is part of LifePoint Hospitals through other subsidiaries wholly owned (100%) or majority (97%) which is owned by LifePoint Hospitals, Inc. LifePoint is a national company with headquarters in the Nashville area. Attachment A. 4 contains more details, an organization chart, and information on Tennessee facilities owned by the facility's parent organization.

The total estimated project cost is \$1,283.050 and will be funded through cash reserves as document in a letter from the Chief Financial Officer located in Attachment C, Economic Feasibility.

GENERAL CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all of the general criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan*.

NEED:

The applicant's primary service area includes Bradley, McMinn, Meigs, Monroe, and Polk counties.

Service Area Total Population 2014 and 2018

County	2014	2018	% of Increase/	
	Population	Population	(Decrease)	
Bradley	103,308	107,481	4.0%	
McMinn	53,233	54,203	1.8%	
Meigs	12,205	12,643	3.6%	
Monroe	46,092	48,088	4.3%	
Polk	16,604	16,588	-0.1%	
Total	231,442	239,003	3.3%	

Source: Tennessee Population Projections 2010-2020, June 2013 Revision, Tennessee
Department of Health, Division of Policy, Planning, and Assessment-Office of Health Statistics

18 and Older Service Area Population 2014 and 2018

County	2014	2018	% of Increase/	
	Population	Population	(Decrease)	
Bradley	80,204	84,506	8.4%	
McMinn	41,669	42,552	2.1%	
Meigs	9,855	10,404	5.6%	
Monroe	36,256	38,574	6.4%	
Polk	13,155	13,363	1.6%	
Total	181,139	189,399	4.6%	

Source: Tennessee Population Projections 2010-2020, June 2013 Revision, Tennessee Department of Health, Division of Policy, Planning, and Assessment-Office of Health Statistics

Service Area Age 65 and Older Population 2014 and 2018

County	2014 Population	2018 Population	% of Increase/ (Decrease)
Bradley	16,410	18,507	12.8%
McMinn	9,912	10,656	7.5%
Meigs	2,457	2,790	13.6%
Monroe	8,938	10,340	15.7%
Polk	3,244	3,540	9.1%
Total	40,961	45,833	11.9%

Source: Tennessee Population Projections 2010-2020, June 2013 Revision, Tennessee Department of Health, Division of Policy, Planning, and Assessment-Office of Health Statistics

The applicant states the need for this project is based on the fact that SRMC's admissions have increased 27% during the last two years, and the unit has reached an annual occupancy of 66% in 2013. The applicant believes this is a high rate of utilization for a small unit with all semi-private beds. The applicant reports in CY2013, occupancy was 80% or more on 42% of the days and 90% or more on 18% of the days.

Contributing factors to the wide swing in the census are the semi-private beds at SRMC and the fact the Medical Director is available only two days per week for admission coverage; although SRMC expects to restore seven day admissions coverage within two months. SRMC expects admissions to increase once this occurs.

Currently, there are only two providers of adult psychiatric services in the primary service area; the applicant's 10-bed geropsychiatric unit in McMinn County, and Skyridge Medical Center Westside in Cleveland, (Bradley County). Skyridge Westside has a 30-bed unit that primarily treats adults 64 and under, but they do admit some Medicare-aged patients.

The project consists of two phases. The first phase involves converting the current break room into a semi-private patient room; the day room will become an activity/group room; and the interior end of the unit will be renovated areas providing a quiet activity/group room, a charting/conference room, a secure room, clean and soiled laundry room, a shower, equipment storage,

and a waiting area. The Across the hall from the entry will be a consult/visitor room, and additional areas for staff and unit mangers/area. On the exterior of the patient wing will be a security fence to enclose a sitting area outdoors for the patients. At completion of Phase one, there will be six semi-private rooms with a total of 12 beds.

The second phase of the project will extend the build across the enclosed sitting area to form a new addition 980 square containing two semi-private rooms. One of the older semi-private rooms will be converted to a quiet activity area. A separate group therapy room and a second consult/visitors room will be added in existing space. At the end of this phase, the geropsychiatric unit will be comprised of 14 beds.

Note to Agency Members: Star Regional Medical Center will begin a planned suspension of the Etowah campus's inpatient medical/surgical and critical care services, and potential bed reassignments at the Athens campus during CY2014. The applicant states it is premature to project specific bed license or bed assignment changes at Etowah, except for the converting of 4 medical/surgical beds to 4 geropsychiatric beds at Etowah; and maintaining the current total complements of licensed beds at each campus for the time being.

In Supplemental 1, the applicant states they have only recently acquired the Etowah facility and conducted their own internal survey. SMRC identified only 42 medical/surgical beds which could be used for admissions without construction (12 bed spaces appear to have been lost to internal conversions). The applicant notes the Department of Health will resolve a question regarding the eventual 12 bed spaces lost and how it affects SRMC's license. The applicant presents Tables 5A and 5B showing the current assignment of beds and staffing, and proposed assignment and staffing of Licensed beds in Supplemental 1. Additionally, the applicant provides replacement pages 3a, 3b, and 3c showing the revised current, proposed, and certification of beds.

Currently, the service area contains 40 total beds of adult psychiatric care. Using the Guidelines for Growth criteria, the Department of Health, Division of Policy, Planning, and Assessment calculated the bed need for the service area to be 56.82. After subtracting the 40 existing beds in the service area, there is a bed need for 17 beds.

TENNCARE/MEDICARE ACCESS:

The applicant participates in the Medicare and TennCare Medicaid programs. SRMC has contracts with BlueCare, and United Healthcare.

ECONOMIC FACTORS/FINANCIAL FEASIBILITY:

The Department of Health, Division of Policy, Planning, and Assessment has reviewed the Project Costs Chart, the Historical Data Chart, and the Projected Data Chart to determine they are mathematically accurate and the projections are based on the applicant's anticipated level of utilization. The location of these charts may be found in the following specific locations in the Certificate of Need Application or the Supplemental material:

Project Costs Chart: The Project Costs Chart is located in the application on page 37. The total project cost is\$1,282,050.

Historical Data Chart: The Historical Data Chart is located on page 41 of the application. The applicant reported 17,167, 15,775, and 14,703 patient days in 2011, 2012, and 2013, with net operating income of \$3,378.951, \$1,682,029, and \$679,822 each year, respectively.

The Historical Data Chart for the 10-bed geropsychiatric unit is located in Supplemental 1. The applicant reported 2,338, 2,253, and 2,404 patients in 2011, 2012, and 2013, with net operating income of \$537,134, \$543,345, and \$499,287, respectively.

Projected Data Chart: The Projected Data Chart for SRMC's 14-bed geropsychiatric unit is located in the application on page 43. The applicant projects 3,355 and 3,520 patient days in years one and two, respectively. The total net operating revenue in year one is projected to be \$583,121 and \$646,581 in year two of the project.

The Projected Data Chart for SRMC (Consolidated) is located in Supplemental 1. SRMC projects 12,575 and 12,392 patient days in year one and two of the project. The total net operating revenue in year one is projected to be \$6,963,632 and \$6,979,546 in year two of the project.

The applicant provided the average charges, deductions, net charge, and net operating income below.

	CY2016	CY2017
Admissions or Discharges	3,355	3,520
Patient Days	305	320
Average Gross Charge Per Day	\$2,055	\$2,184
Average Gross Charge Per Admission	\$22,603	\$24,029
Average Deduction from Operating Revenue Per Day	\$1,275	\$1,404
Average Deduction from Operating Revenue Per Admission	\$14,022	\$15,444
Average Net Charge (Net Operating Revenue) Per Day	\$780	\$781
Average Net Charge (Net Operating Revenue) Per Admission	\$8,581	\$8,586
Average Net Operating Income After Expenses, Per Day	\$174	\$184
Average Net Operating Income After Expenses, Per Admission	\$1,912	\$2,021

Projected Data Chart

SRMC compared their charges with Skyridge on page 46 of the application. The projected SRMC average gross charge per day is slightly lower than Skyridge but the average gross charge per admission was higher due to the SRMC serving age 65 and old patients.

The applicant considered just maintaining the current 10-bed unit but rejected this because SMRC-Etowah is the only provider with significant levels of geropsychiatric care in the service area and often experiences admission peaks over 80% occupancy on a frequent basis. A four bed expansion would allow them to have sufficient beds for at least four years beyond CY2015.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE:

The applicant provides a list of all providers, managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships on page 50 of the application.

SRMC will add 1.5 FTE registered nurses to the current staffing pattern. The entire staffing chart is located in Supplemental 1, page 53R.

SRMC provides a listing of all college/universities/training centers with which they have student affiliation agreements with on page 55.

SRMC is licensed by the Tennessee Department of Health, Board for Licensing Healthcare Facilities, certified for Medicaid and Medicare participation, and Joint Commission accredited.

In reference to the bed space utilization, as well as the overall physical plant, Agency Members should note the deficiencies in the most recent Joint Commission surveys which occurred on 1/10-11/12 and 9/9-10/2013, located in the Attachments C, Orderly Development 7 C.

SPECIFIC CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all relevant specific criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan*.

PSYCHIATRIC INPATIENT SERVICES

A. Need

- The population-based estimate of the total need for psychiatric inpatient services is 30 beds per 100,000 general population (using population estimates prepared by the Department of Health and applying the data in Joint Annual Reports).
- 2. For adult programs, the age group of 18 years and older should be used in calculating the estimated total number of beds needed.
- 3. For child inpatient under age 13, and if adolescent program the age group of 13-17 should be used.
- 4. These estimates for total need should be adjusted by the existent staffed beds operating in the area as counted by the Department of Health in the Joint Annual Report.

Using the Guidelines for Growth criteria, the Department of Health, Division of Policy, Planning, and Assessment calculated the bed need for the service area to be 56.82. After subtracting the 40 existing beds in the service area, there is a bed need for 17 beds.

B. Service Area

- 1. The geographic service area should be reasonable and based on an optimal balance between population density and service proximity or the Community Service Agency.
 - SRMC is located within 30 minutes or less drive time from the county seats and principle towns in the five county service area.
- 2. The relationship of the socio-demographics of the service area, and the projected population to receive services, should be considered. The proposal's sensitivity to and responsiveness to the special needs of the service area should be considered including accessibility to consumers, particularly women, racial and ethnic minorities, low income groups, and those needing services involuntarily.

The geropsychiatric unit will be available to all genders, racial and ethnic groups, and income levels.

C. Relationship to Existing Applicable Plans

1. The proposal's relationship to policy as formulated in state, city, county, and/or regional plans and other documents should be a significant consideration.

The applicant states the project supports the delivery of services to the most medically appropriate and in cost effective settings, with a preference given to patient accessibility and availability. SRMC-Etowah offers this type of program in a rural setting toward the center of the service area.

 The proposal's relationship to underserved geographic areas and underserved population groups as identified in state, city, county and/or regional plans and other documents should be a significant consideration.

This project serves 5 counties, all of which contain medically underserved areas.

3. The impact of the proposal on similar services supported by state appropriations should be assessed and considered.

Not applicable.

4. The proposal's relationship to whether or not the facility takes voluntary and/or involuntary admissions, and whether the facility serves acute and/or long-term patients, should be assessed and considered.

The applicant plans to accept involuntary admissions. SRMC will pursue the availability of legal counsel for the patient and a judge to authorize the admission.

- 5. The degree of projected financial participation in the Medicare and TennCare programs should be considered.
- D. Relationship to Existing Similar Services in the Area
 - 1. The area's trends in occupancy and utilization of similar services should be considered.

There are only two adult psychiatric programs in the five-county service area, Skyridge Medical Center-Westside and SRMC. Skyridge Westside has a 30-bed unit that primarily treats adults 64 and under (96.5%), but they do admit some Medicare-aged patients. SRMC's admissions are primarily age 65+ (93.5%). The applicant reports the hospitals have largely served different age groups, with minimal duplication.

2. Accessibility to specific special need groups should be an important factor.

The applicant will be accessible to all payor groups and will accept forensic/involuntary admissions with the support of the local judicial system.

E. Feasibility

The ability of the applicant to meet Tennessee Department of Mental Health licensure requirements (related to personnel and staffing for psychiatric inpatient facilities) should be considered.

The applicant is licensed by the Tennessee Department of Health, Board for Licensing Healthcare Facilities.